

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 24, 2003

CASELLA WASTE SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-23211
(Commission File Number)

03-0338873
(IRS Employer
Identification No.)

25 Greens Hill Lane, Rutland, Vermont
(Address of Principal Executive Offices)

05701
(Zip Code)

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

(Former name or former address, if changed since last report)

Item 5. Other Events and Required FD Disclosure.

On January 24, 2003, Casella Waste Systems, Inc. (the "Company") completed its previously announced offering of \$150.0 million in aggregate principal amount of its 9.75% Senior Subordinated Notes due 2013 (the "Notes"). The Notes were sold in a private placement to qualified institutional investors pursuant to Rule 144A and Regulation S of the Securities Act of 1933, as amended (the "Securities Act"). Net proceeds to the Company were approximately \$144.0 million. The indenture governing the Notes is attached as Exhibit 4.1 hereto and is incorporated herein by reference.

The Notes have not been registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This report does not constitute an offer to sell or the solicitation of an offer to buy any securities. Any offer of the Notes was made only by means of the private offering circular.

Also on January 24, 2003, the Company entered into a Second Amended and Restated Revolving Credit and Term Loan Agreement (the "New Senior Secured Credit Facilities") with a group of financial institutions, with Fleet National Bank and Bank of America, N.A. acting as administrative agent and syndication agent, respectively. The New Senior Secured Credit Facilities provide for aggregate borrowings by the Company of up to \$325.0 million (subject to increase in accordance with the terms thereof), consisting of a \$150.0 million term loan and a \$175.0 million revolving credit facility. Attached as Exhibit 10.1 hereto is a copy of the Second Amended and Restated Revolving Credit and Term Loan Agreement, dated January 24, 2003.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits.

See Exhibit Index attached hereto.

SIGNATURE

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

CASELLA WASTE SYSTEMS, INC.

By: /s/ RICHARD NORRIS

Name: Richard Norris
Title: Chief Financial Officer

Date: January 24, 2003

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EXHIBIT INDEX

Exhibit Number	Description
4.1	Indenture, dated January 24, 2003, by and among Casella Waste Systems, Inc., the Guarantors named therein and U.S. Bank National Association, as Trustee, relating to the 9.75% Senior Subordinated Notes due 2013.
10.1	Second Amended and Restated Revolving Credit and Term Loan Agreement, dated January 24, 2003, by and among Casella Waste Systems, Inc. and its Subsidiaries (other than Excluded Subsidiaries), the lending institutions party thereto and Fleet National Bank, individually and as administrative agent, and Bank of America, N.A., individually and as syndication agent, with Fleet Securities, Inc. and Banc of America Securities LLC acting as Co-Arrangers.

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QuickLinks

[SIGNATURE](#)
[EXHIBIT INDEX](#)

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CASELLA WASTE SYSTEMS, INC.,
as Issuer,

the GUARANTORS named herein,
as Guarantors,

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

INDENTURE

Dated as of January 24, 2003

9.75% Senior Subordinated Notes due 2013

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CROSS-REFERENCE TABLE

TIA Section -----	Indenture Section -----
310 (a) (1)	7.10
(a) (2)	7.10
(a) (3)	N.A.
(a) (4)	N.A.
(a) (5)	7.08; 7.10
(b)	7.08; 7.10; 12.02
(c)	N.A.
311 (a)	7.11
(b)	7.11
(c)	N.A.
312 (a)	2.05
(b)	12.03
(c)	12.03
313 (a)	7.06
(b) (1)	7.06
(b) (2)	7.06
(c)	7.06; 12.02
(d)	7.06
314 (a)	4.09; 4.19; 12.02
(b)	N.A.
(c) (1)	7.02; 12.04; 12.05
(c) (2)	7.02; 12.04; 12.05
(c) (3)	N.A.
(d)	N.A.
(e)	12.05
(f)	N.A.
315 (a)	7.01 (b)
(b)	7.05

(c).....	7.01
(d).....	6.05; 7.01 (c)
(e).....	6.11
316(a) (last sentence).....	2.09
(a) (1) (A).....	6.02
(a) (1) (B).....	6.04
(a) (2).....	9.02
(b).....	6.07
(c).....	9.05
317(a) (1).....	6.08
(a) (2).....	6.09
(b).....	2.04
318(a).....	12.01
(c).....	12.01

N.A. means Not Applicable

Note: This Cross-Reference Table shall not, for any purpose, be deemed to be a part of the Indenture.

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- Exhibit A - Form of Note
- Exhibit B - Form of Legends

- Exhibit C - Form of Certificate To Be Delivered in Connection with Transfers to Non-QIB Accredited Investors
- Exhibit D - Form of Certificate To Be Delivered in Connection with Transfers Pursuant to Regulation S
- Exhibit E - Form of Notation of Subsidiary Guarantee

Note: This Table of Contents shall not, for any purpose, be deemed to be part of the Indenture.

INDENTURE dated as of January 24, 2003 among CASELLA WASTE SYSTEMS, INC., a Delaware corporation ("CASELLA"), as issuer, and each of the Guarantors named herein, as Guarantors, and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America, as Trustee (the "TRUSTEE").

Casella has duly authorized the creation of an issue of 9.75% Senior Subordinated Notes due 2013 and, to provide therefor, Casella has duly

authorized the execution and delivery of this Indenture. All things necessary to make the Notes, when duly issued and executed by Casella and authenticated and delivered hereunder, the valid and binding obligations of Casella and to make this Indenture a valid and binding agreement of Casella have been done.

Each party hereto agrees as follows for the benefit of each other party and for the equal and ratable benefit of the Holders of the Notes:

ARTICLE ONE

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. DEFINITIONS.

Set forth below are certain defined terms used in this Indenture.

"ACQUIRED DEBT" means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person or which is assumed by such specified Person at the time such specified Person acquires the assets of such other Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or selling its assets to, or becoming a Restricted Subsidiary of, such specified Person; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person,

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shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings.

"AGENT" means any Registrar, Paying Agent or co-Registrar.

"AMEND" means amend, modify, supplement, restate or amend and restate, including successively; and "AMENDING" and "AMENDED" have correlative meanings.

"ASSET" means any asset or property, whether real, personal or other, tangible or intangible.

"ASSET SALE" means:

- (a) the sale, lease, conveyance or other disposition of any assets, other than sales of inventory in the ordinary course of business consistent with past practices (such inventory to include solid waste, recyclables and other by-products of the wastestream collected by Casella and its Restricted Subsidiaries and sold to, or disposed of with, third parties in the ordinary course of business consistent with past practices); and
- (b) the issuance of Equity Interests by any of Casella's Restricted Subsidiaries or the sale of Equity Interests in any of its Restricted Subsidiaries or the sale of Equity Interests held by Casella or its Restricted Subsidiaries in any of its Unrestricted Subsidiaries.

Notwithstanding the preceding, the following shall not be deemed to be Asset Sales:

- (1) any single transaction or series of related transactions that

(x) involves assets having a fair market value of less than \$5.0 million or (y) results in net proceeds to Casella and its Restricted Subsidiaries of less than \$5.0 million;

- (2) a transfer of assets between or among Casella and/or one or more of its Wholly Owned Restricted Subsidiaries;
- (3) an issuance of Equity Interests by, or a transfer of Equity Interests in, a Wholly Owned Restricted Subsidiary to Casella or to another Wholly Owned Restricted Subsidiary;

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- (4) the sale, lease, conveyance or other disposition of the assets or Equity Interests of the Specified Assets for fair market value thereof; PROVIDED that the aggregate net proceeds thereof are used as provided in clause (1), (2) or (3) of the second paragraph of Section 4.13 or to fund working capital of Casella and its Restricted Subsidiaries;
- (5) disposals or replacements in the ordinary course of business of equipment that has become worn-out, obsolete or damaged or otherwise unsuitable for use in connection with the business of Casella and its Restricted Subsidiaries;
- (6) the sale or disposition of cash or Cash Equivalents;
- (7) the release, surrender or waiver of contract, tort or other claims of any kind as a result of the settlement of any litigation or threatened litigation;
- (8) the granting or existence of Liens (and foreclosure thereon) not prohibited by this Indenture; and
- (9) a Restricted Payment or a Permitted Investment that is not prohibited by Section 4.11.

"ATTRIBUTABLE DEBT" in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"BANKRUPTCY LAW" means Title 11, U.S. Code or any similar Federal, state or foreign law for the relief of debtors.

"BENEFICIAL OWNER" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as such term is used in Section 13(d)(3) of the Exchange Act), such "person" shall be deemed to have beneficial ownership of all securities that such "person" has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition.

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"BOARD OF DIRECTORS" means (1) in the case of a corporation, the board of directors and (2) in all other cases, a body performing substantially similar functions as a board of directors.

"BOARD RESOLUTION" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"BUSINESS DAY" means any day other than a Saturday, Sunday or any other day on which banking institutions in the City of New York or St. Paul, Minnesota are required or authorized by law or other governmental action to be

closed.

"CAPITAL LEASE OBLIGATION" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"CAPITAL STOCK" means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"CAPTIVE INSURANCE SUBSIDIARY" means Casella Insurance Company, a Vermont corporation, or its successors, so long as such Person is principally engaged in an insurance business.

"CASELLA" means the party named as such in this Indenture until a successor replaces it pursuant to this Indenture and thereafter shall mean such successor corporation.

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"CASH EQUIVALENTS" means:

- (1) a marketable obligation, maturing within one year after issuance thereof, issued, guaranteed or insured by the government of the United States of America or an instrumentality or agency thereof;
- (2) demand deposits, certificates of deposit, eurodollar time deposits, banker's acceptances, in each case, maturing within one year after issuance thereof, and overnight bank deposits, in each case, issued by any lender under the Senior Credit Facility, or a U.S. national or state bank or trust company or a European, Canadian or Japanese bank having capital, surplus and undivided profits of at least \$500.0 million and whose long-term unsecured debt has a rating of "A" or better by S&P or A2 or better by Moody's or the equivalent rating by any other nationally recognized rating agency (PROVIDED that the aggregate face amount of all Investments in certificates of deposit or bankers' acceptances issued by the principal offices of or branches of such European or Japanese banks located outside the United States shall not at any time exceed 33-1/3% of all Investments described in this definition);
- (3) open market commercial paper, maturing within 270 days after issuance thereof, which has a rating of A-2 or better by S&P or P-2 or better by Moody's, or the equivalent rating by any other nationally recognized rating agency;
- (4) repurchase agreements and reverse repurchase agreements with a term not in excess of one year with any financial institution which has been elected a primary government securities dealer by the Federal Reserve Board or whose securities are rated AA- or better by S&P or Aa3 or better by Moody's or the equivalent rating by any other nationally recognized rating agency relating to marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or instrumentality thereof and backed by the full faith and credit of the United States of America; and
- (5) shares of any money market mutual fund rated at least AAA or

the equivalent thereof by S&P or at least Aaa or the equivalent thereof by Moody's or any other mutual fund at least 95% of the assets of which consist of the type specified in clauses (1) through (4) above.

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"CHANGE OF CONTROL" means the occurrence of any of the following:

- (1) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than the Permitted Holder, is or becomes the Beneficial Owner, directly or indirectly, of securities representing 35% or more of the voting power of all Voting Stock of Casella; or
- (2) Continuing Directors shall cease to constitute at least a majority of the directors constituting the Board of Directors of Casella; or
- (3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of Casella and its Restricted Subsidiaries taken as a whole to any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) other than the Permitted Holder; or
- (4) Casella consolidates with, or merges with or into, any Person other than the Permitted Holder, or any Person other than the Permitted Holder consolidates with, or merges with or into, Casella, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of Casella is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of Casella outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock (other than Disqualified Capital Stock) of the surviving or transferee Person or the parent of such surviving or transferee Person representing a majority of the voting power of all Voting Stock of such surviving or transferee Person or the parent of such surviving or transferee Person immediately after giving effect to such issuance; or
- (5) the adoption by the stockholders of Casella of a plan or proposal for the liquidation or dissolution of Casella.

"COMMISSION" means the United States Securities and Exchange Commission.

"CONSOLIDATED EBITDA" means, with respect to any Person, for any period, the sum (without duplication) of

- (1) Consolidated Net Income, and

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- (2) to the extent Consolidated Net Income has been reduced thereby,
 - all income taxes of such Person and its Restricted Subsidiaries paid or accrued in accordance with GAAP for such period (other than income taxes attributable to extraordinary gains or losses or income taxes attributable to Asset Sales and other sales or dispositions outside the ordinary course of business to the extent that gains or losses from such transactions have been excluded from the computation of Consolidated Net Income),
 - Consolidated Interest Expense, and

- Consolidated Non-cash Charges less any non-cash items increasing Consolidated Net Income for such period (except to the extent such non-cash item increasing Consolidated Net Income relates to a cash benefit for any future period),

all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in accordance with GAAP.

"CONSOLIDATED FIXED CHARGE COVERAGE RATIO" means, with respect to any Person, the ratio of (x) Consolidated EBITDA of such Person during the four full fiscal quarters for which financial statements are available (the "FOUR QUARTER PERIOD") ending on or prior to the Transaction Date to (y) Consolidated Fixed Charges of such Person for the Four Quarter Period.

For purposes of this definition, "Consolidated EBITDA" and "Consolidated Fixed Charges" shall be calculated after giving effect on a pro forma basis in accordance with Regulation S-X under the Exchange Act to the incurrence, repayment or redemption of any Indebtedness of such Person or any of its Restricted Subsidiaries giving rise to the need to make such calculation and any incurrence, repayment or redemption of other Indebtedness, other than the incurrence, repayment or redemption of Indebtedness in the ordinary course of business for working capital purposes pursuant to working capital facilities, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and prior to the Transaction Date, as if such incurrence, repayment or redemption, as the case may be, occurred on the first day of the Four Quarter Period.

In addition, Investments (including any Designation of Unrestricted Subsidiaries), Revocations, acquisitions, dispositions, mergers and consolidations that have been made by Casella or any of its Restricted Subsidiaries during the Four Quarter Period or subsequent to the Four Quarter Period and on or prior to the Transaction Date shall be given effect on a

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pro forma basis in accordance with Regulation S-X under the Exchange Act, to the extent applicable, assuming that all such Investments, Revocations, acquisitions, dispositions, mergers and consolidations (and the reduction or increase of any associated Consolidated Fixed Charges and the change in Consolidated EBITDA, resulting therefrom) had occurred on the first day of the Four Quarter Period. If, since the beginning of such period, any Person (that subsequently became a Restricted Subsidiary or was merged with or into Casella or any Restricted Subsidiary since the beginning of such period) shall have made any Investment, Revocation, acquisition, disposition, merger or consolidation that would have required adjustment pursuant to this definition, then the Consolidated Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, Revocation, acquisition, disposition, merger or consolidation had occurred at the beginning of the applicable Four Quarter Period.

If such Person or any of its Restricted Subsidiaries directly or indirectly Guarantees Indebtedness of a Person other than Casella or a Restricted Subsidiary, the preceding paragraph will give effect to the incurrence of such Guaranteed Indebtedness as if such Person or any Restricted Subsidiary of such Person had directly incurred or otherwise assumed such Guaranteed Indebtedness.

Furthermore, in calculating "Consolidated Fixed Charges" for purposes of determining the denominator (but not the numerator) of this "Consolidated Fixed Charge Coverage Ratio,"

- (1) interest on outstanding Indebtedness determined on a fluctuating basis as of the Transaction Date and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the weighted average rate of interest during the Four Quarter Period;
- (2) if interest on any Indebtedness actually incurred on the Transaction Date may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rates, then the interest rate in effect on the Transaction Date will be deemed

to have been in effect during the Four Quarter Period; and

- (3) notwithstanding clause (1) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by agreements relating to Hedging Obligations, shall be deemed to accrue at the weighted average rate per annum during the Four Quarter Period resulting after giving effect to the operation of such agreements.

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"CONSOLIDATED FIXED CHARGES" means, with respect to any Person for any period, the sum, without duplication, of

- (1) Consolidated Interest Expense, PLUS
- (2) the amount of all dividend payments on any series of Preferred Stock of such Person and its Restricted Subsidiaries (other than dividends paid in Qualified Capital Stock and other than dividends paid to such Person or to a Restricted Subsidiary of such Person) paid, accrued or scheduled to be paid or accrued during such period (PROVIDED that dividends paid by the increase in liquidation preference, or the issuance, of Disqualified Capital Stock shall be valued at the amount of such increase in liquidation preference or the value of the liquidation preference of such issuance, as applicable).

"CONSOLIDATED INTEREST EXPENSE" means, with respect to any Person for any period, the sum of, without duplication,

- (1) the aggregate of the interest expense of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, including, without limitation,
 - any amortization of debt discount and amortization or write-off of deferred financing costs, excluding (x) the write-off of deferred financing costs as a result of the prepayments of Indebtedness on the Issue Date described in the Offering Circular and (y) the amortization of deferred financing costs recorded as of the Issue Date in connection with the Notes and the Senior Credit Facility;
 - the net costs under Hedging Obligations, excluding the cost of terminating interest rate swaps in connection with the prepayment of Indebtedness on the Issue Date described in the Offering Circular;
 - all capitalized interest; and
 - the interest portion of any deferred payment obligation;
- (2) the interest component of Capital Lease Obligations and Attributable Debt paid, accrued and/or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP; and

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- (3) all interest on any Indebtedness of the type described in clause (a) or (b) of the concluding sentence of the first paragraph of the definition of "Indebtedness."

"CONSOLIDATED NET INCOME" means, with respect to any Person (such Person, for purposes of this definition, the "REFERENT PERSON"), for any period, the net income (or loss) of the Referent Person and its Restricted Subsidiaries for such period on a consolidated basis, determined in accordance with GAAP; PROVIDED that there shall be excluded from such net income (loss), to the extent otherwise included therein, without duplication,

- (1) after-tax gains or losses on Asset Sales or other asset sales outside the ordinary course of business or abandonments or reserves relating thereto;
- (2) after-tax extraordinary gains or extraordinary losses determined in accordance with GAAP;
- (3) the net income (but not loss) of any Restricted Subsidiary of the Referent Person to the extent that the declaration of dividends or similar distributions by that Restricted Subsidiary of that income is restricted;
- (4) the net income or loss of any Person that is not a Restricted Subsidiary of the Referent Person except to the extent of cash dividends or distributions paid to the Referent Person or to a Wholly Owned Restricted Subsidiary of the Referent Person (subject, in the case of a dividend or distribution paid to a Restricted Subsidiary, to the limitation contained in clause (3) above);
- (5) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date;
- (6) the net income of any Person earned prior to the date it becomes a Restricted Subsidiary of the Referent Person or is merged or consolidated with the Referent Person or any Restricted Subsidiary of the Referent Person;
- (7) in the case of a successor to the Referent Person by consolidation or merger or as a transferee of the Referent Person's assets, any earnings of the successor corporation prior to such consolidation, merger or transfer of assets;

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- (8) gains or losses from the cumulative effect of any change in accounting principles; and
- (9) the write-off of deferred financing costs as a result of, and the costs of terminating interest rate swaps in connection with, the prepayments of Indebtedness on the Issue Date described in the Offering Circular.

"CONSOLIDATED NET WORTH" means, with respect to any Person as of any date, the sum of:

- (1) the consolidated equity of the common stockholders of such Person and its consolidated Subsidiaries as of such date; PLUS
- (2) the respective amounts reported on such Person's balance sheet as of such date with respect to any series of preferred stock (other than Disqualified Capital Stock) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid only out of net earnings in respect of the year of such declaration and payment, but only to the extent of any cash received by such Person upon issuance of such preferred stock.

"CONSOLIDATED NON-CASH CHARGES" means, with respect to any Person, for any period, the aggregate depreciation, amortization and other non-cash charges of such Person and its Restricted Subsidiaries reducing the Consolidated Net Income of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP (excluding any such charges constituting an extraordinary item or loss or any such charge which requires an accrual of or a reserve for cash charges for any future period).

"CONTINUING DIRECTOR" means, as of any date of determination, any member of the Board of Directors of Casella who:

- (1) was a member of such Board of Directors on the date of this Indenture; or

- (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"CORPORATE TRUST OFFICE" means the corporate trust office of the Trustee located at Goodwin Square, 23rd floor, 225 Asylum Street, Hartford, Connecticut 06103, Attention: Corporate Trust Services, or such other office, designated by the Trustee by written notice

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to the Company, at which at any particular time its corporate trust business shall be administered.

"COVERAGE RATIO EXCEPTION" has the meaning set forth in the first paragraph of Section 4.10.

"CUSTODIAN" means any receiver, trustee, assignee, liquidator, sequestrator or similar official under any Bankruptcy Law.

"DEFAULT" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"DEPOSITORY" shall mean The Depository Trust Company, New York, New York, or a successor thereto registered under the Exchange Act or other applicable statute or regulation.

"DESIGNATED SENIOR DEBT" means (1) the Senior Credit Facility and all Hedging Obligations with respect thereto and (2) any other Senior Debt permitted under this Indenture (a) the principal amount of which is \$25.0 million or more and (b) that has been designated by Casella as "Designated Senior Debt."

"DISINTERESTED DIRECTOR" means, with respect to any transaction or series of related transactions, a member of the Board of Directors of Casella who (1) does not have any material direct or indirect financial interest in or with respect to such transaction or series of related transactions and (2) is not an Affiliate, officer, director or employee of any Person (other than Casella or any Restricted Subsidiary) who has any direct or indirect financial interest in or with respect to such transaction or series of related transactions.

"DISQUALIFIED CAPITAL STOCK" means any class or series of Capital Stock of any Person that by its terms or otherwise is

- (1) required to be redeemed or is redeemable at the option of the holder of such class or series of Capital Stock at any time on or prior to the date that is 91 days after the Stated Maturity of the principal of the Notes; or
- (2) convertible into or exchangeable at the option of the holder thereof for Capital Stock referred to in clause (1) above or Indebtedness having a scheduled maturity on or prior to the date that is 91 days after the Stated Maturity of the principal of the Notes.

Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Capital Stock solely because the holders of the Capital Stock have the right to require the issuer

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thereof to repurchase such Capital Stock upon the occurrence of a "change of control" or "asset sale" will not constitute Disqualified Capital Stock if such requirement only becomes operative after compliance with such terms applicable to the Notes, including the purchase of any Notes tendered pursuant thereto.

"EQUITY INTERESTS" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"EXCHANGE AND REGISTRATION RIGHTS AGREEMENT" means the Exchange and Registration Rights Agreement dated as of January 21, 2003 among Casella, the Guarantors and the Initial Purchasers.

"EXCHANGE NOTES" has the meaning set forth in the Exchange and Registration Rights Agreement.

"EXISTING INDEBTEDNESS" means Indebtedness of Casella and its Restricted Subsidiaries in existence on the Issue Date (after giving effect to the use of proceeds from the offering of the Notes on the Issue Date and the initial borrowings under the Senior Credit Facility as described in the Offering Circular under the caption "Use of Proceeds") other than Indebtedness under the Senior Credit Facility and Indebtedness owed to Casella or any of its Subsidiaries, until such amounts are repaid.

"FOREIGN SUBSIDIARY" means any Restricted Subsidiary of Casella organized under the laws of, and conducting a substantial portion of its business in, any jurisdiction other than the United States of America or any State thereof or the District of Columbia.

"FOUR QUARTER PERIOD" has the meaning set forth in the definition of "Consolidated Fixed Charge Coverage Ratio."

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, in effect on the date of this Indenture.

"GLOBAL NOTE" shall mean one or more IAI Global Notes, Regulation S Global Notes and 144A Global Notes.

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"GREENFIBER" means US GreenFiber LLC, a Delaware limited liability company.

"GUARANTEE" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

"GUARANTORS" means:

(1) each of the following Restricted Subsidiaries of Casella:

All Cycle Waste, Inc., a Vermont corporation;
Alternate Energy, Inc., a Massachusetts corporation;
Atlantic Coast Fibers, Inc., a Delaware corporation;
B. and C. Sanitation Corporation, a New York corporation;
Blasdell Development Group, Inc., a New York corporation;
Bristol Waste Management, Inc., a Vermont corporation;
Casella NH Investors Co., LLC, a Delaware limited liability company;
Casella NH Power Co., LLC, a Delaware limited liability company;
Casella RTG Investors Co., LLC, a Delaware limited liability company;
Casella Transportation, Inc., a Vermont corporation;
Casella Waste Management of Massachusetts, Inc., a Massachusetts corporation;
Casella Waste Management of N.Y., Inc., a New York corporation;
Casella Waste Management of Pennsylvania, Inc., a Pennsylvania corporation;
Casella Waste Management, Inc., a Vermont corporation;
Data Destruction Services, Inc., a Maine corporation;
Fairfield County Recycling, Inc., a Delaware corporation;
FCR Camden, Inc., a Delaware corporation;
FCR Florida, Inc., a Delaware corporation;
FCR Greensboro, Inc., a Delaware corporation;
FCR Greenville, Inc., a Delaware corporation;

FCR Morris, Inc., a Delaware corporation;
FCR Plastics, Inc., a Delaware corporation;
FCR Redemption, Inc., a Delaware corporation;
FCR Tennessee, Inc., a Delaware corporation;
FCR Virginia, Inc., a Delaware corporation;
FCR, Inc., a Delaware corporation;
Forest Acquisitions, Inc., a New Hampshire corporation;
Grasslands Inc., a New York corporation;
Hakes C & D Disposal, Inc., a New York corporation;

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Hiram Hollow Regeneration Corp., a New York corporation;
The Hyland Facility Associates, a New York general partnership;
K-C International, Ltd., an Oregon corporation;
KTI Bio Fuels, Inc., a Maine corporation;
KTI Energy of Virginia, Inc., a Virginia corporation;
KTI Environmental Group, Inc., a New Jersey corporation;
KTI New Jersey Fibers, Inc., a Delaware corporation;
KTI Operations Inc., a Delaware corporation;
KTI Recycling of New England, Inc., a Maine corporation;
KTI Recycling of New Jersey, Inc., a Delaware corporation;
KTI Specialty Waste Services, Inc., a Maine corporation;
KTI, Inc., a New Jersey corporation;
Maine Energy Recovery Company, Limited Partnership, a Maine limited partnership;
Mecklenburg County Recycling, Inc., a Connecticut corporation;
Natural Environmental, Inc., a New York corporation;
New England Landfill Solutions, LLC, a Massachusetts limited liability company;
New England Waste Services of Massachusetts, Inc., a Massachusetts corporation;
New England Waste Services of ME, Inc., a Maine corporation;
New England Waste Services of N.Y., Inc., a New York corporation;
New England Waste Services of Vermont, Inc., a Vermont corporation;
New England Waste Services, Inc., a Vermont corporation;
Newbury Waste Management, Inc., a Vermont corporation;
North Country Environmental Services, Inc., a Virginia corporation;
Northern Properties Corporation of Plattsburgh, a New York corporation;
Northern Sanitation, Inc., a New York corporation;
PERC, Inc., a Delaware corporation;
PERC Management Company Limited Partnership, a Maine limited partnership;
Pine Tree Waste, Inc., a Maine corporation;
R.A. Bronson Inc., a New York corporation;
ReSource Recovery of Cape Cod, Inc., a Massachusetts corporation;
Resource Recovery Systems of Sarasota, Inc., a Florida corporation;
Resource Recovery Systems, Inc., a Delaware corporation;
ReSource Transfer Services, Inc., a Massachusetts corporation;
ReSource Waste Systems, Inc., a Massachusetts corporation;
Rochester Environmental Park, LLC, a Massachusetts limited liability company;
Schultz Landfill, Inc., a New York corporation;
Sunderland Waste Management, Inc., a Vermont corporation;
U.S. Fiber, Inc., a North Carolina corporation;
Waste-Stream Inc., a New York corporation;

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Westfield Disposal Service, Inc., a New York corporation;
Winters Brothers, Inc., a Vermont corporation; and

- (2) each other Subsidiary of Casella that executes a Subsidiary Guarantee in accordance with the provisions of this Indenture;

and their respective successors and assigns, and in each case, until such Person is released from its Subsidiary Guarantee in accordance with the provisions of this Indenture.

"HEDGING OBLIGATIONS" means, with respect to any Person, the obligations of such Person under:

- (1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, foreign currency collar agreements, foreign currency hedging agreements or foreign currency swap agreements or other similar arrangements or agreements; and
- (2) forward contracts, commodity swap agreements, commodity option agreements or other similar agreements or arrangements.

"HOLDER" or "NOTEHOLDER" means the registered holder of any Note.

"IAI GLOBAL NOTE" means a permanent global security in the form of EXHIBIT A hereto bearing the legend in EXHIBIT B and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold to the Initial Purchasers as set forth in the Offering Circular.

"INCUR" means to directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to any Indebtedness and "incurrence" shall have a correlative meaning. For the avoidance of doubt, the accrual of interest, accretion or amortization of original issue discount and increase in the liquidation preference of preferred stock in lieu of payment of cash dividends thereon shall not be an incurrence; PROVIDED, in each such case, that the amount thereof is included in Consolidated Fixed Charges of Casella as accrued in the respective period. For the avoidance of doubt, Existing Indebtedness shall be deemed to have been incurred prior to the date of this Indenture.

"INDEBTEDNESS" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

- (1) in respect of borrowed money;

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- (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of banker's acceptances;
- (4) representing Capital Lease Obligations;
- (5) representing the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable;
- (6) representing any Hedging Obligations;
- (7) representing any Disqualified Capital Stock of such Person and any Preferred Stock issued by a Restricted Subsidiary of such Person; or
- (8) in respect of Attributable Debt,

if and to the extent any of the preceding items (other than letters of credit, Hedging Obligations, Disqualified Capital Stock and Preferred Stock) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes (a) all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person), and (b) to the extent not otherwise included, the Guarantee by such Person of any Indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date shall be:

- (1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount;
- (2) the maximum fixed price upon the mandatory redemption or repurchase (including upon the option of the holder), in the case of Disqualified Capital Stock of such Person;

- (3) the maximum voluntary or involuntary liquidation preferences plus accrued and unpaid dividends, in the case of Preferred Stock of a Restricted Subsidiary of such Person; and
- (4) the principal amount thereof, together with any interest thereon that is more than 30 days past due or is redeemable at the option of the holder, in the case of any other Indebtedness.

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"INDENTURE" means this Indenture, as amended or supplemented from time to time in accordance with the terms hereof.

"INITIAL PURCHASERS" means Goldman, Sachs & Co., Fleet Securities, Inc., Banc of America Securities LLC, ABN AMRO Incorporated and Comerica Securities, Inc.

"INTEREST" means, with respect to the Notes, interest and any Liquidated Damages on the Notes.

"INTEREST PAYMENT DATE" means the Stated Maturity of an installment of interest on the Notes.

"INVESTMENTS" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees of Indebtedness or other obligations), advances or capital contributions, purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. "Investment" excludes (1) extensions of trade credit by Casella and its Restricted Subsidiaries on commercially reasonable terms in accordance with normal trade practices of Casella or such Restricted Subsidiary, as the case may be, and (2) any purchase, redemption or other acquisition or retirement for value of any Capital Stock of Casella or any warrants, options or other rights to purchase or acquire any such Capital Stock. If Casella or any Restricted Subsidiary of Casella sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Casella such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of Casella, Casella shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the penultimate paragraph of Section 4.11. The amount of any Investment shall be the original cost of such Investment, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment but less all cash distributions constituting a return of capital.

"ISSUE DATE" means January 24, 2003, the date of original issuance of the Notes.

"LIEN" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof (other than an operating lease), any option or other agreement to sell or give a security interest in and any filing of or agreement to

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give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"LIQUIDATED DAMAGES" has the meaning set forth in the Exchange and Registration Rights Agreement.

"MATURITY DATE" means February 1, 2013.

"MOODY'S" means Moody's Investors Service, Inc. or any successor

thereto.

"NET PROCEEDS" means the aggregate cash proceeds received by Casella or any of its Restricted Subsidiaries in respect of any Asset Sale, net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof, in each case after taking into account any available tax credits or deductions and any tax sharing arrangements and amounts required to be applied to the repayment of Indebtedness, other than Senior Debt, secured by a Lien on the asset or assets that were the subject of such Asset Sale.

"NON-U.S. PERSON" has the meaning assigned to such term in Regulation S.

"NOTES" means, collectively, Casella's 9.75% Senior Subordinated Notes due 2013 issued in accordance with Section 2.02 (whether on the Issue Date or thereafter) treated as a single class of securities under this Indenture, as amended or supplemented from time to time in accordance with the terms of this Indenture.

"OBLIGATIONS" means, with respect to any Indebtedness, the principal, premium, if any, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing such Indebtedness.

"OFFERING CIRCULAR" means the offering circular of Casella and the Guarantors dated January 21, 2003 relating to the Notes.

"OFFICER" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Controller, or the Secretary of such Person.

"OFFICERS' CERTIFICATE" means a certificate signed on behalf of Casella by any one of the following: the Chief Executive Officer, the President, the Vice President-Finance, the Chief Financial Officer, Treasurer, Controller or the Secretary of Casella and delivered to the Trustee.

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"144A GLOBAL NOTE" means a permanent global security in registered form representing the aggregate principal amount of Notes sold in reliance on Rule 144A under the Securities Act.

"OPINION OF COUNSEL" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to Casella, a Guarantor or the Trustee.

"PERMITTED BUSINESS" means the business of Casella and its Restricted Subsidiaries conducted on the Issue Date and businesses ancillary or reasonably related thereto, which, for purposes hereof, shall include the business conducted by GreenFiber and businesses ancillary or reasonably related thereto.

"PERMITTED HOLDER" means Berkshire Partners LLC and its Affiliates.

"PERMITTED INVESTMENTS" means:

- (1) any Investment in Cash Equivalents;
- (2) any Investment in Casella or any Guarantor;
- (3) any Investment by Casella or any of its Restricted Subsidiaries in a Person, if as a result of such Investment:
 - (a) such Person becomes a Guarantor; or
 - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Casella or a Guarantor;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the provisions of Section 4.13 or any

transaction not constituting an Asset Sale by reason of the \$5.0 million threshold contained in clause (1) of the definition thereof;

- (5) any Investment acquired in exchange for the issuance of, or acquired with the net cash proceeds of any substantially concurrent issuance and sale of, Qualified Capital Stock; PROVIDED that no such issuance or sale shall increase the Basket;

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- (6) loans and advances in the ordinary course of business to employees, officers or directors of Casella or any of its Restricted Subsidiaries in an aggregate amount not to exceed \$2.0 million at any one time outstanding;
- (7) Hedging Obligations permitted by clause (6) of the second paragraph of Section 4.10;
- (8) Investments in securities of trade creditors or customers received in settlement of obligations or upon the bankruptcy or insolvency of such trade creditors of customers pursuant to any plan of reorganization or similar arrangement; and
- (9) other Investments in any Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (9) since the date of this Indenture, not exceeding \$15.0 million at any one time outstanding.

The amount of Investments outstanding at any time pursuant to clause (9) above shall be deemed to be reduced, without duplication:

- (a) upon the disposition or repayment of or return on any Investment made pursuant to clause (9) above, by an amount equal to the return of capital with respect to such Investment to Casella or any of its Restricted Subsidiaries (to the extent not included in the computation of Consolidated Net Income), less the cost of the disposition of such Investment and net of taxes;
- (b) upon a redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary, by an amount equal to the lesser of (x) the fair market value of Casella's proportionate interest in such Subsidiary immediately following such redesignation, and (y) the aggregate amount of Investments in such Subsidiary that increased (and did not previously decrease) the amount of Investments outstanding pursuant to clause (9) above; and
- (c) upon the making of an Investment in a Person that was not a Restricted Subsidiary of Casella immediately prior to the making of such Investment but that subsequently becomes a Restricted Subsidiary of Casella, by an amount equal to the lesser of (x) the fair market value of Casella's proportionate interest in such Subsidiary immediately following

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such redesignation, and (y) the aggregate amount of Investments in such Subsidiary that increased (and did not previously decrease) the amount of Investments outstanding pursuant to clause (9) above.

"PERMITTED JUNIOR SECURITIES" means: (1) Equity Interests in Casella or any Guarantor; or (2) debt securities of Casella or any Guarantor that are subordinated to all Senior Debt and any debt securities issued in exchange for Senior Debt to substantially the same extent as, or to a greater extent than, the Notes and the Subsidiary Guarantees are subordinated to Senior Debt pursuant to this Indenture.

"PERMITTED LIENS" means:

- (1) Liens on assets of Casella or any Guarantor to secure Senior Debt of Casella or such Guarantor;
- (2) Liens in favor of Casella or any Restricted Subsidiary;
- (3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with Casella or any Restricted Subsidiary of Casella; PROVIDED that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with Casella or its Restricted Subsidiary;
- (4) Liens on property existing at the time of acquisition thereof by Casella or any Restricted Subsidiary of Casella; PROVIDED that such Liens were in existence prior to the contemplation of such acquisition and do not extend to any assets other than the property so acquired;
- (5) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;
- (6) Liens to secure Indebtedness permitted by clause (3) of the second paragraph of Section 4.10 covering only the assets acquired with such Indebtedness;
- (7) Liens existing on the date of this Indenture and continuation statements with respect to such Liens filed in accordance with the provisions of the Uniform Commercial Code or similar state commercial codes;

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- (8) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;
- (9) Liens securing Permitted Refinancing Indebtedness which is incurred to refinance any Indebtedness which has been secured by a Lien permitted under this Indenture and which has been incurred in accordance with the provisions of this Indenture; PROVIDED that such Liens (A) are not materially less favorable to the Holders and are not materially more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being refinanced and (B) do not extend to or cover any property or assets of Casella or any of its Restricted Subsidiaries not securing the Indebtedness so refinanced;
- (10) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (11) Liens securing reimbursement obligations with respect to letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;
- (12) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, PROVIDED that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

- (13) Liens securing Hedging Obligations;
- (14) deposits or pledges made in connection with, or to secure payment of, workmen's compensation, unemployment insurance, old age pensions or other social security obligations;
- (15) Liens of carriers, warehousemen, mechanics and materialmen, and other like liens incurred in the ordinary course of business;

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- (16) Liens on any landfill acquired after the Issue Date securing reasonable royalty or similar payments (determined by reference to volume or weight utilized) due to the seller of such landfill as a consequence of such acquisition;
- (17) Liens on the Capital Stock of Hardwick Landfill, Inc., Roach Enterprises, LLC or their successors or on the Capital Stock of any Restricted Subsidiary acquiring the assets of such companies securing the Obligations of Casella incurred in connection with the acquisition of Hardwick Landfill, Inc., Roach Enterprises, LLC or their assets to the sellers thereof; and
- (18) other Liens incurred in the ordinary course of business of Casella or any Restricted Subsidiary of Casella with respect to obligations that do not exceed \$5.0 million at any one time outstanding.

"PERMITTED REFINANCING INDEBTEDNESS" means any Indebtedness of Casella or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to refinance other Indebtedness of Casella or any of its Restricted Subsidiaries; PROVIDED that:

- (1) the principal amount (or accreted value, if applicable) or liquidation preference of such Permitted Refinancing Indebtedness does not exceed the principal amount of (or accreted value, if applicable), plus accrued interest and premium, if any, on the Indebtedness, or the liquidation preference, plus accrued dividends and premium, if any, on the Preferred Stock, so refinanced (plus the amount of reasonable expenses incurred in connection therewith);
- (2) such Permitted Refinancing Indebtedness has a final maturity date, or mandatory redemption date, later than the final maturity date, or mandatory redemption date as applicable, of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness or Preferred Stock being refinanced;
- (3) if the Indebtedness being refinanced is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being refinanced;

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- (4) if the Indebtedness being refinanced ranks PARI PASSU with the Notes, such Permitted Refinancing Indebtedness ranks PARI PASSU with, or is subordinated in right of payment to, the Notes;
- (5) Preferred Stock shall be refinanced only with Preferred Stock; and
- (6) the obligor(s) on the Permitted Refinancing Indebtedness thereof shall include only obligor(s) on such Indebtedness

being refinanced, Casella and/or one or more of the Guarantors.

"PERSON" means an individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture or a governmental agency or political subdivision thereof.

"PREFERRED STOCK" of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemption or upon liquidation.

"PRIVATE PLACEMENT LEGEND" means the legends initially set forth on the Notes in the form set forth in EXHIBIT B.

"PUBLIC EQUITY OFFERING" means any underwritten public offering of common stock of Casella.

"PURCHASE MONEY OBLIGATIONS" means Indebtedness of Casella or any of its Restricted Subsidiaries incurred for the purpose of financing all or any part of the purchase price, or the cost of construction or improvement, of any assets to be used in the business of Casella or such Restricted Subsidiary; PROVIDED, HOWEVER, that (1) the aggregate amount of such Indebtedness shall not exceed such purchase price or cost, (2) such Indebtedness shall be incurred no later than 180 days after the acquisition of such assets or such construction or improvement and (3) such Indebtedness shall not be secured by any assets of Casella or any of its Restricted Subsidiaries other than the assets so acquired, constructed or improved.

"QUALIFIED CAPITAL STOCK" means any Capital Stock of Casella that is not Disqualified Capital Stock.

"QUALIFIED INSTITUTIONAL BUYER" or "QIB" shall have the meaning specified in Rule 144A under the Securities Act.

"RECORD DATE" means the applicable Record Date specified in the Notes; PROVIDED that if any such date is not a Business Day, the Record Date shall be the first day immediately preceding such specified day that is a Business Day.

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"REDEMPTION DATE," when used with respect to any Note to be redeemed, means the date fixed for such redemption pursuant to this Indenture and the Notes.

"REDEMPTION PRICE," when used with respect to any Note to be redeemed, means the price fixed for such redemption, payable in immediately available funds, pursuant to this Indenture and the Notes.

"REFINANCE" means to extend, refinance, renew, replace, defease or refund, including successively; and "refinancing" and "refinanced" shall have correlative meanings.

"REGULATION S" means Regulation S under the Securities Act.

"REGULATION S GLOBAL NOTE" means a permanent global security in registered form representing the aggregate principal amount of Notes sold in reliance on Regulation S under the Securities Act.

"REPRESENTATIVE" means the indenture trustee or other trustee, agent or representative in respect of any Designated Senior Debt; PROVIDED that if, and for so long as, any Designated Senior Debt lacks such a representative, then the Representative for such Designated Senior Debt shall at all times constitute the holders of a majority in outstanding principal amount of such Designated Senior Debt.

"RESPONSIBLE OFFICER" means, when used with respect to the Trustee, any officer in the Corporate Trust Office of the Trustee to whom any corporate trust matter is referred because of such officer's knowledge of and familiarity with the particular subject and shall also mean any officer who shall have direct responsibility for the administration of this Indenture.

"RESTRICTED INVESTMENT" means an Investment other than a Permitted Investment.

"RESTRICTED SECURITY" means a Note that constitutes a "Restricted Security" within the meaning of Rule 144(a)(3) under the Securities Act; PROVIDED, HOWEVER, that the Trustee shall be entitled to request and conclusively rely on an Opinion of Counsel with respect to whether any Note constitutes a Restricted Security.

"RESTRICTED SUBSIDIARY" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"RULE 144A" means Rule 144A under the Securities Act.

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"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"SALE AND LEASEBACK TRANSACTION" means an arrangement relating to property now owned or hereafter acquired whereby Casella or a Restricted Subsidiary of Casella transfers such property to a Person and Casella or a Restricted Subsidiary of Casella leases it from such Person.

"SECURITIES ACT" means the Securities Act of 1933, as amended, or any successor statute or statutes thereto.

"SENIOR CREDIT FACILITY" means the Second Amended and Restated Revolving Credit and Term Loan Agreement, dated on or about the Issue Date, among Casella, the Guarantors, Fleet National Bank, as administrative agent, Bank of America, N.A., as syndication agent, and the lenders party thereto, including any notes, guarantees, collateral and security documents (including mortgages, pledge agreements and other security arrangements), instruments and agreements executed in connection therewith, and in each case as amended or refinanced from time to time, including any agreement or agreements extending the maturity of, refinancing or otherwise restructuring (including increasing the amount of borrowings or other Indebtedness outstanding or available to be borrowed thereunder) all or any portion of the Indebtedness under such agreement, and any successor or replacement agreement or agreements with the same or any other borrowers, agents, creditors, lenders or group of creditors or lenders.

"SENIOR DEBT" means:

- (1) all Indebtedness outstanding under the Senior Credit Facility, and all Hedging Obligations with respect thereto;
- (2) any other Indebtedness permitted to be incurred by Casella or a Guarantor under the terms of this Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with the Notes or subordinated in right of payment to the Notes or any other Indebtedness of Casella; and
- (3) all Obligations with respect to the items listed in the preceding clauses (1) and (2) (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law).

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Notwithstanding anything to the contrary in the preceding, Senior Debt will not include:

- (1) any liability for federal, state, local or other taxes owed or owing by Casella;
- (2) any Indebtedness of Casella to any of its Subsidiaries or other Affiliates;
- (3) any trade payables; or

- (4) any Indebtedness that is incurred in violation of this Indenture (but, as to any such obligation, no such violation shall be deemed to exist for purposes of this clause (4) if the holders(s) of such obligation or their Representative shall have received an Officers' Certificate of Casella to the effect that the incurrence of such Indebtedness does not (or, in the case of revolving credit Indebtedness, that the incurrence of the entire committed amount thereof at the date of the initial borrowing thereunder is made would not) violate this Indenture).

"SERIES A REDEEMABLE CONVERTIBLE PREFERRED STOCK" means shares of Casella's Series A Redeemable Convertible Preferred Stock under the Certificate of Designations therefor in effect on the date of this Indenture or as thereafter amended in a manner not materially adverse to the Holders.

"SIGNIFICANT SUBSIDIARY" means (1) any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Act, as such Regulation is in effect on the date hereof or (2) any Restricted Subsidiary that, when aggregated with all other Restricted Subsidiaries that are not otherwise Significant Subsidiaries and as to which any event described in clause (7), (8) or (9) of Section 6.01 has occurred and is continuing, would constitute a Significant Subsidiary under clause (1) of this definition.

"SPECIFIED ASSETS" means K-C International Ltd., the brokerage business of KTI Recycling of New England Inc., the brokerage business of Pine Tree Waste Inc., US GreenFiber LLC, KTI New Jersey Fibers, Inc., Atlantic Coast Fibers, Inc., Casella NH Investors Co., LLC, Casella NH Power Co., LLC, Casella RTG Investors Co., LLC, RTG Holdings Corporation and the companies and assets comprising the FCR operating segment, or the successors of the foregoing only with respect to the businesses conducted by the foregoing on the date of this Indenture.

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"STATED MATURITY" means, with respect to any installment of interest or principal on any Indebtedness, the date on which such payment of interest or principal is scheduled to be paid in the documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"SUBSIDIARY" means, with respect to any Person:

- (1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and
- (2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof).

"SUBSIDIARY GUARANTEE" means the subordinated Guarantee by each Guarantor of Casella's payment obligations under this Indenture and the Notes, executed pursuant to this Indenture.

"TAX" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other liabilities related thereto).

"TAXING AUTHORITY" means any government or political subdivision or territory or possession of any government or any authority or agency therein or thereof having power to tax.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. Sections

77aaa-77bbb), as amended, as in effect on the date of the execution of this Indenture until such time as this Indenture is qualified under the TIA, and thereafter as in effect on the date on which this Indenture is qualified under the TIA, except as otherwise provided in Section 9.04.

"TRANSACTION DATE" means the date of the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio.

"TRANSFER" means to sell, assign, transfer, lease (other than pursuant to an operating lease entered into in the ordinary course of business), convey or otherwise dispose of, including by Sale and Leaseback Transaction, consolidation, merger or otherwise.

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"TRUSTEE" means the party named as such in this Indenture until a successor replaces it in accordance with the provisions of this Indenture and thereafter means such successor.

"UNRESTRICTED SECURITIES" means one or more Notes that do not and are not required to bear the Private Placement Legend in the form set forth in EXHIBIT B, including, without limitation, the Exchange Notes.

"UNRESTRICTED SUBSIDIARY" of any Person means

- any Subsidiary of such Person that at the time of determination has been designated an Unrestricted Subsidiary, and has not been redesignated a Restricted Subsidiary, in accordance with Section 4.19; and
- any Subsidiary of such Unrestricted Subsidiary.

"U.S. GOVERNMENT OBLIGATIONS" means direct obligations of, and obligations guaranteed by, the United States of America for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

"U.S. LEGAL TENDER" means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

"VOTING STOCK" of any Person as of any date means the Capital Stock of such Person that is entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of such Person.

"WEIGHTED AVERAGE LIFE TO MATURITY" means, when applied to any Indebtedness or Disqualified Capital Stock at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by
- (2) the then outstanding principal amount or liquidation preference of such Indebtedness or Disqualified Capital Stock.

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"WHOLLY OWNED RESTRICTED SUBSIDIARY" of any Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person and/or by one or more Wholly Owned Restricted Subsidiaries of such Person.

SECTION 1.02. OTHER DEFINITIONS.

Term -----	Defined in Section -----
"Affiliate Transaction"	4.14
"Alternate Offer"	4.09
"Asset Sale Offer"	4.13
"Asset Sale Offer Amount"	4.13
"Asset Sale Payment"	4.13
"Asset Sale Payment Date"	4.13
"Basket"	4.11
"Change of Control Offer"	4.09
"Change of Control Payment"	4.09
"Change of Control Payment Date"	4.09
"Covenant Defeasance"	8.02
"Designation"	4.19
"Event of Default"	6.01
"Excess Proceeds"	4.13
"Guarantee Obligations"	11.01
"Legal Defeasance"	8.02
"Non-Payment Default"	10.02
"Participants"	2.15
"Paying Agent"	2.03
"Payment Blockage Notice"	10.02
"Payment Blockage Period"	10.02
"Payment Default"	10.02

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Term -----	Defined in Section -----
"Permitted Debt"	4.10
"Physical Notes"	2.01
"Registrar"	2.03
"Replacement Assets"	4.13
"Restricted Payments"	4.11
"Revocation"	4.19

SECTION 1.03. INCORPORATION BY REFERENCE OF TIA.

Whenever this Indenture refers to a provision of the TIA, such provision is incorporated by reference in, and made a part of, this Indenture. The following TIA terms used in this Indenture have the following meanings:

"INDENTURE SECURITIES" means the Notes.

"INDENTURE SECURITY HOLDER" means a Holder or a Noteholder.

"INDENTURE TO BE QUALIFIED" means this Indenture.

"INDENTURE TRUSTEE" or "INSTITUTIONAL TRUSTEE" means the Trustee.

"OBLIGOR" on the indenture securities means Casella, any Guarantor or any other obligor on the Notes.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule and not otherwise defined herein have the meanings assigned to them therein.

SECTION 1.04. RULES OF CONSTRUCTION.

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

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- (3) "or" is not exclusive;
- (4) words in the singular include the plural, and words in the plural include the singular;
- (5) provisions apply to successive events and transactions;
- (6) "herein," "hereof" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and
- (7) the words "including," "includes" and similar words shall be deemed to be followed by "without limitation."

ARTICLE TWO

THE NOTES

SECTION 2.01. FORM AND DATING.

The Notes and the Trustee's certificate of authentication shall be substantially in the form of EXHIBIT A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Casella shall approve the form of the Notes and any notation, legend or endorsement on them. Each Note shall be dated the date of its issuance and show the date of its authentication. Each Note shall have an executed Subsidiary Guarantee from each of the Guarantors endorsed thereon substantially in the form of EXHIBIT E.

The terms and provisions contained in the Notes and the Subsidiary Guarantees shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, Casella, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Notes offered and sold in reliance on Rule 144 and Notes offered and sold in reliance on Regulation S shall be issued initially in the form of one or more Global Notes, substantially in the form set forth in EXHIBIT A, deposited with the Trustee, as custodian for the Depository, duly executed by Casella (and

having an executed Subsidiary Guarantee from each of the Guarantors endorsed thereon) and authenticated by the Trustee as hereinafter provided and shall bear the legends set forth in EXHIBIT B. The aggregate principal amount of the Global Notes may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depository, as hereinafter provided.

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Notes issued in exchange for interests in a Global Note pursuant to Section 2.16 may be issued in the form of permanent certificated Notes in registered form in substantially the form set forth in EXHIBIT A (the "PHYSICAL NOTES").

SECTION 2.02. EXECUTION AND AUTHENTICATION.

One Officer of Casella (who shall have been duly authorized by all requisite corporate actions) shall sign the Notes for Casella by manual or facsimile signature.

If an Officer whose signature is on a Note or Subsidiary Guarantee, as the case may be, was an Officer at the time of such execution but no longer holds that office at the time the Trustee authenticates the Note, the Note shall nevertheless be valid.

A Note shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Note. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee shall authenticate Notes for original issue on the Issue Date in the aggregate principal amount of \$150,000,000 upon a written order of Casella in the form of an Officers' Certificate. In addition, the Trustee shall authenticate Notes thereafter in unlimited amount (so long as not otherwise prohibited by the terms of this Indenture, including without limitation, Section 4.10) for original issue upon a written order of Casella in the form of an Officers' Certificate. Each such Officers' Certificate shall specify the amount of Notes to be authenticated and the date on which the Notes are to be authenticated.

The Trustee may appoint an authenticating agent reasonably acceptable to Casella to authenticate Notes. Unless otherwise provided in the appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Casella and Affiliates of Casella.

The Notes shall be issuable only in registered form without coupons in denominations of \$1,000 and integral multiples thereof.

SECTION 2.03. REGISTRAR AND PAYING AGENT.

Casella shall maintain an office or agency in the Borough of Manhattan, The City of New York, where (a) Notes may be presented or surrendered for registration of transfer or for exchange ("REGISTRAR"), (b) Notes may be presented or surrendered for payment ("PAYING AGENT") and (c) notices and demands to or upon Casella in respect of the Notes and this Indenture may be served. Casella may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes

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and may from time to time rescind such designations; PROVIDED, HOWEVER, that no such designation or rescission shall in any manner relieve Casella of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, for such purposes. Casella may act as its own Registrar or Paying Agent, except that for the purposes of Articles Three and Eight and Sections 4.09 and 4.13, neither Casella nor any Affiliate of Casella shall act as Paying Agent. The Registrar shall keep a register of the Notes and of their transfer and exchange. Casella, upon notice to the Trustee, may have one or more

co-Registrars and one or more additional paying agents reasonably acceptable to the Trustee. The term "Paying Agent" includes any additional paying agent. Casella initially appoints the Trustee as Registrar and Paying Agent until such time as the Trustee has resigned or a successor has been appointed.

Casella shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which agreement shall implement the provisions of this Indenture that relate to such Agent. Casella shall notify the Trustee, in advance, of the name and address of any such Agent. If Casella fails to maintain a Registrar or Paying Agent, the Trustee shall act as such.

SECTION 2.04. PAYING AGENT TO HOLD ASSETS IN TRUST.

Casella shall require each Paying Agent other than the Trustee to agree in writing that, subject to Article Ten and Section 11.02, each Paying Agent shall hold in trust for the benefit of Holders or the Trustee all assets held by the Paying Agent for the payment of principal of, or interest on, the Notes (whether such assets have been distributed to it by Casella or any other obligor on the Notes), and shall notify the Trustee of any Default by Casella (or any other obligor on the Notes) in making any such payment. Casella at any time may require a Paying Agent to distribute all assets held by it to the Trustee and account for any assets disbursed and the Trustee may at any time during the continuance of any payment Default, upon written request to a Paying Agent, require such Paying Agent to distribute all assets held by it to the Trustee and to account for any assets distributed. Upon distribution to the Trustee of all assets that shall have been delivered by Casella to the Paying Agent, the Paying Agent shall have no further liability for such assets.

SECTION 2.05. HOLDER LISTS.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, Casella shall furnish to the Trustee at least two (2) Business Days prior to each Interest Payment Date and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders, which list may be conclusively relied upon by the Trustee.

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SECTION 2.06. TRANSFER AND EXCHANGE.

Subject to Sections 2.15 and 2.16, when Notes are presented to the Registrar or a co-Registrar with a request to register the transfer of such Notes or to exchange such Notes for an equal principal amount of Notes of other authorized denominations, the Registrar or co-Registrar shall register the transfer or make the exchange as requested if its requirements for such transaction are met; PROVIDED, HOWEVER, that the Notes surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to Casella and the Registrar or co-Registrar, duly executed by the Holder thereof or his or her attorney duly authorized in writing. To permit registrations of transfers and exchanges, Casella shall execute and the Trustee shall authenticate Notes at the Registrar's or co-Registrar's request. No service charge shall be made for any registration of transfer or exchange, but Casella may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith.

The Registrar or co-Registrar shall not be required to register the transfer of or exchange of any Note (i) during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Notes and ending at the close of business on the day of such mailing, (ii) selected for redemption in whole or in part pursuant to Article Three, except the unredeemed portion of any Note being redeemed in part, and (iii) during a Change of Control Offer, an Alternate Offer or an Asset Sale Offer if such Note is tendered pursuant to such Change of Control Offer, Alternate Offer or Asset Sale Offer and not withdrawn.

Any Holder of a beneficial interest in a Global Note shall, by acceptance of such beneficial interest, agree that transfers of beneficial interests in such Global Notes may be effected only through a book-entry system maintained by the Holder of such Global Note (or its agent), and that ownership of a beneficial interest in the Note shall be required to be reflected in a

book-entry system.

SECTION 2.07. REPLACEMENT NOTES.

If a mutilated Note is surrendered to the Trustee or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, Casella shall issue and the Trustee shall authenticate a replacement Note if the Trustee's requirements are met. Such Holder must provide an indemnity bond or other indemnity, sufficient in the judgment of both Casella and the Trustee, to protect Casella, the Trustee or any Agent from any loss which any of them may suffer if a Note is replaced. Casella may charge such Holder for its reasonable out-of-pocket expenses in replacing a Note pursuant to this Section 2.07, including reasonable fees and expenses of counsel and of the Trustee.

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Every replacement Note is an additional obligation of Casella and every replacement Subsidiary Guarantee shall constitute an additional obligation of the Guarantor thereof.

SECTION 2.08. OUTSTANDING NOTES.

Notes outstanding at any time are all the Notes that have been authenticated by the Trustee except those cancelled by it, those delivered to it for cancellation and those described in this Section as not outstanding. A Note does not cease to be outstanding because Casella, the Guarantors or any of their respective Affiliates holds the Note (subject to the provisions of Section 2.09).

If a Note is replaced pursuant to Section 2.07 (other than a mutilated Note surrendered for replacement), it ceases to be outstanding unless a Responsible Officer of the Trustee receives proof satisfactory to it that the replaced Note is held by a BONA FIDE purchaser. A mutilated Note ceases to be outstanding upon surrender of such Note and replacement thereof pursuant to Section 2.07.

If the principal amount of any Note is considered paid under Section 4.01, it ceases to be outstanding and interest ceases to accrue. If on a Redemption Date or the Maturity Date the Trustee or Paying Agent (other than Casella or an Affiliate thereof) holds U.S. Legal Tender or U.S. Government Obligations sufficient to pay all of the principal and interest due on the Notes payable on that date, then on and after that date such Notes cease to be outstanding and interest on them ceases to accrue.

SECTION 2.09. TREASURY NOTES.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by Casella or any of its Affiliates shall be disregarded, except that, for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned shall be disregarded.

SECTION 2.10. TEMPORARY NOTES.

Until definitive Notes are ready for delivery, Casella may prepare and the Trustee shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that Casella considers appropriate for temporary Notes. Without unreasonable delay, Casella shall prepare and the Trustee shall authenticate definitive Notes in exchange for temporary Notes. Until such exchange, temporary Notes shall be entitled to the same rights, benefits and privileges as definitive Notes. Notwithstanding

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the foregoing, so long as the Notes are represented by a Global Note, such Global Note may be in typewritten form.

SECTION 2.11. CANCELLATION.

Casella at any time may deliver Notes to the Trustee for cancellation.

The Registrar and the Paying Agent shall forward to the Trustee any Notes surrendered to them for transfer, exchange or payment. The Trustee, or at the direction of the Trustee, the Registrar or the Paying Agent (other than Casella or a Subsidiary), and no one else, shall cancel and, at the written direction of Casella, shall dispose of all Notes surrendered for transfer, exchange, payment or cancellation in accordance with its customary procedures. Subject to Section 2.07, Casella may not issue new Notes to replace Notes that it has paid or delivered to the Trustee for cancellation. If Casella or any Guarantor shall acquire any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the Indebtedness represented by such Notes unless and until the same are surrendered to the Trustee for cancellation pursuant to this Section 2.11.

SECTION 2.12. DEFAULTED INTEREST.

If Casella defaults in a payment of interest on the Notes, it shall, unless the Trustee fixes another record date pursuant to Section 6.10, pay the defaulted interest, plus (to the extent lawful) any interest payable on the defaulted interest, in any lawful manner. Casella may pay the defaulted interest to the persons who are Holders on a subsequent special record date, which date shall be the fifteenth day next preceding the date fixed by Casella for the payment of defaulted interest or the next succeeding Business Day if such date is not a Business Day. At least 15 days before any such subsequent special record date, Casella shall mail to each Holder, with a copy to the Trustee, a notice that states the subsequent special record date, the payment date and the amount of defaulted interest, and interest payable on such defaulted interest, if any, to be paid.

SECTION 2.13. CUSIP NUMBER.

Casella in issuing the Notes may use a "CUSIP" number, and if so, the Trustee shall use the CUSIP number in notices of redemption or exchange as a convenience to Holders; PROVIDED, HOWEVER, that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the Notes, and that reliance may be placed only on the other identification numbers printed on the Notes. Casella will promptly notify the Trustee of any change in the CUSIP numbers.

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SECTION 2.14. DEPOSIT OF MONEYS.

Prior to 10:00 a.m. New York City time on each Interest Payment Date, Maturity Date, Redemption Date, Change of Control Payment Date and Asset Sale Offer Payment Date, Casella shall have deposited with the Paying Agent in immediately available funds money sufficient to make cash payments, if any, due on such Interest Payment Date, Maturity Date, Redemption Date, Change of Control Payment Date and Asset Sale Offer Payment Date, as the case may be, in a timely manner which permits the Paying Agent to remit payment to the Holders on such Interest Payment Date, Maturity Date, Redemption Date, Change of Control Payment Date and Asset Sale Offer Payment Date, as the case may be.

SECTION 2.15. BOOK-ENTRY PROVISIONS FOR GLOBAL NOTES.

(a) The Global Notes initially shall (i) be registered in the name of the Depository or the nominee of such Depository, (ii) be delivered to the Trustee as custodian for such Depository and (iii) bear legends as set forth in EXHIBIT B.

Members of, or participants in, the Depository ("PARTICIPANTS") shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depository, or the Trustee as its custodian, or under the Global Note, and the Depository may be treated by Casella, the Trustee and any agent of Casella or the Trustee as the absolute owner of the Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent Casella, the Trustee or any agent of Casella or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and Participants, the operation of customary practices governing the exercise of the rights of a Holder of any Note.

(b) Transfers of Global Notes shall be limited to transfers in whole, but not in part, to the Depository, its successors or their respective

nominees. Interests of beneficial owners in the Global Notes may be transferred or exchanged for Physical Notes in accordance with the rules and procedures of the Depository and the provisions of Section 2.16. In addition, Physical Notes shall be transferred to all beneficial owners in exchange for their beneficial interests in Global Notes if (i) the Depository notifies Casella that it is unwilling or unable to continue as Depository for any Global Note and a successor Depository is not appointed by Casella, with a copy to the Trustee, within 90 days of such notice or (ii) a Default has occurred and is continuing and the Registrar has received a written request from the Depository to issue Physical Notes.

(c) In connection with any transfer or exchange of a portion of the beneficial interest in a Global Note to beneficial owners pursuant to paragraph (b) of this Section 2.15, the Registrar shall (if one or more Physical Notes are to be issued) reflect on its books

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and records the date and a decrease in the principal amount of such Global Note in an amount equal to the principal amount of the beneficial interest in the Global Note to be transferred, and Casella shall execute, and the Trustee shall authenticate and deliver, one or more Physical Notes of authorized denominations in an aggregate principal amount equal to the principal amount of the beneficial interest in the Global Note so transferred.

(d) In connection with the transfer of a Global Note as an entirety to beneficial owners pursuant to paragraph (b) of this Section 2.15, such Global Note shall be deemed to be surrendered to the Trustee for cancellation, and (i) Casella shall execute, (ii) the Guarantors shall execute notations of Subsidiary Guarantees on and (iii) the Trustee shall upon written instructions from Casella authenticate and deliver, to each beneficial owner identified by the Depository in exchange for its beneficial interest in such Global Note, an equal aggregate principal amount of Physical Notes of authorized denominations.

(e) Any Physical Note constituting a Restricted Security delivered in exchange for an interest in a Global Note pursuant to paragraph (b) or (c) of this Section 2.15 shall, except as otherwise provided by Section 2.16, bear the Private Placement Legend.

(f) The Holder of any Global Note may grant proxies and otherwise authorize any Person, including Participants and Persons that may hold interests through Participants, to take any action which a Holder is entitled to take under this Indenture or the Notes.

SECTION 2.16. SPECIAL TRANSFER PROVISIONS.

(a) TRANSFERS TO NON-QIB INSTITUTIONAL ACCREDITED INVESTORS AND NON-U.S. PERSONS. The following provisions shall apply with respect to the registration of any proposed transfer of a Restricted Security to any Institutional Accredited Investor which is not a QIB or to any Non-U.S. Person:

(i) the Registrar shall register the transfer of any Restricted Security, whether or not such Note bears the Private Placement Legend, if (x) the requested transfer is after the second anniversary of the Issue Date; PROVIDED, HOWEVER, that neither Casella nor any Affiliate of Casella has held any beneficial interest in such Note, or portion thereof, at any time on or prior to the second anniversary of the Issue Date or (y) (1) in the case of a transfer to an Institutional Accredited Investor which is not a QIB (excluding Non-U.S. Persons), the proposed transferee has delivered to the Registrar a certificate substantially in the form of EXHIBIT C hereto and any legal opinions and certifications required thereby and (2) in the case of a transfer to a Non-U.S. Person, the proposed transferor has delivered to the Registrar a certificate substantially in the form of EXHIBIT D hereto;

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(ii) if the proposed transferee is a Participant and the Notes to be transferred consist of Physical Notes which after transfer are to be evidenced by an interest in the IAI Global Note or Regulation S Global

Note, as the case may be, upon receipt by the Registrar of the Physical Note and (x) written instructions given in accordance with the Depository's and the Registrar's procedures and (y) the appropriate certificate, if any, required by clause (y) of paragraph (i) above, the Registrar shall register the transfer and reflect on its books and records the date and an increase in the principal amount of the IAI Global Note or Regulation S Global Note, as the case may be, in an amount equal to the principal amount of Physical Notes to be transferred, and the Registrar shall cancel the Physical Notes so transferred; and

(iii) if the proposed transferor is a Participant seeking to transfer an interest in a Global Note, upon receipt by the Registrar of (x) written instructions given in accordance with the Depository's and the Registrar's procedures and (y) the appropriate certificate, if any, required by clause (y) of paragraph (i) above, the Registrar shall register the transfer and reflect on its books and records the date and (A) a decrease in the principal amount of the Global Note from which such interests are to be transferred in an amount equal to the principal amount of the Notes to be transferred and (B) an increase in the principal amount of the IAI Global Note or the Regulation S Global Note, as the case may be, in an amount equal to the principal amount of the Notes to be transferred.

(b) TRANSFERS TO QIBS. The following provisions shall apply with respect to the registration of any proposed transfer of a Restricted Security to a QIB:

(i) the Registrar shall register the transfer of any Restricted Security, whether or not such Note bears the Private Placement Legend, if (x) the requested transfer is after the second anniversary of the Issue Date; PROVIDED, HOWEVER, that neither Casella nor any Affiliate of Casella has held any beneficial interest in such Note, or portion thereof, at any time on or prior to the second anniversary of the Issue Date or (y) such transfer is being made by a proposed transferor who has checked the box provided for on the form of Note stating, or has otherwise advised Casella and the Registrar in writing, that the sale has been made in compliance with the provisions of Rule 144A to a transferee who has signed the certification provided for on the form of Note stating, or has otherwise advised Casella and the Registrar in writing, that it is purchasing the Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding Casella as it has requested pursuant to Rule 144A or has determined not to request such information

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and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A;

(ii) if the proposed transferee is a Participant and the Notes to be transferred consist of Physical Notes which after transfer are to be evidenced by an interest in the 144A Global Note, upon receipt by the Registrar of the Physical Note and written instructions given in accordance with the Depository's and the Registrar's procedures, the Registrar shall register the transfer and reflect on its book and records the date and an increase in the principal amount of the 144A Global Note in an amount equal to the principal amount of Physical Notes to be transferred, and the Registrar shall cancel the Physical Notes so transferred; and

(iii) if the proposed transferor is a Participant seeking to transfer an interest in the IAI Global Note or the Regulation S Global Note, upon receipt by the Registrar of written instructions given in accordance with the Depository's and the Registrar's procedures, the Registrar shall register the transfer and reflect on its books and records the date and (A) a decrease in the principal amount of the IAI Global Note or the Regulation S Global Note, as the case may be, in an amount equal to the principal amount of the Notes to be transferred and (B) an increase in the principal amount of the 144A Global Note in an amount equal to the principal amount of the Notes to be transferred.

(c) RESTRICTIONS ON TRANSFER AND EXCHANGE OF GLOBAL NOTES.

Notwithstanding any other provisions of this Indenture, a Global Note may not be transferred as a whole except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

(d) PRIVATE PLACEMENT LEGEND. Upon the transfer, exchange or replacement of Notes not bearing the Private Placement Legend, the Registrar or co-Registrar shall deliver Notes that do not bear the Private Placement Legend. Upon the transfer, exchange or replacement of Notes bearing the Private Placement Legend, the Registrar or co-Registrar shall deliver only Notes that bear the Private Placement Legend unless (i) there is delivered to the Trustee an Opinion of Counsel reasonably satisfactory to Casella and the Trustee to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act or (ii) such Note has been offered pursuant to an effective registration statement under the Securities Act.

(e) GENERAL. By its acceptance of any Note bearing the Private Placement Legend, each Holder of such a Note acknowledges the restrictions on transfer of such Note set

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forth in this Indenture and in the Private Placement Legend and agrees that it will transfer such Note only as provided in this Indenture.

The Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 2.15 or this Section 2.16. Casella shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depository Participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

The Trustee shall have no responsibility for the actions or omissions of the Depository, or the accuracy of the books and records of the Depository.

ARTICLE THREE

REDEMPTION

SECTION 3.01. NOTICES TO TRUSTEE.

If Casella elects to redeem Notes pursuant to Section 5 or Section 6 of the Notes, it shall notify the Trustee in writing of the Redemption Date, the Redemption Price and the principal amount of Notes to be redeemed. Casella shall give notice of redemption to the Paying Agent and Trustee at least 30 days but not more than 60 days before the Redemption Date (unless a shorter notice shall be agreed to by the Trustee in writing), together with an Officers' Certificate stating that such redemption will comply with the conditions contained herein.

SECTION 3.02. SELECTION OF NOTES TO BE REDEEMED.

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption as follows:

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- if the Notes are listed on a national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes are listed; or

- if the Notes are not so listed, on a PRO RATA basis, by lot or by such method as the Trustee shall deem fair and appropriate;

PROVIDED that, in the case of such redemption pursuant to Section 6 of the Notes or with Net Proceeds from an Asset Sale pursuant to the provisions of clause (3) of the second paragraph of Section 4.13, the Trustee will select the Notes on a PRO RATA basis or on as nearly a PRO RATA basis as practicable (subject to the procedures of the Depository).

No Notes of \$1,000 or less shall be redeemed in part.

SECTION 3.03. NOTICE OF REDEMPTION.

At least 30 days but not more than 60 days before a Redemption Date, Casella shall mail a notice of redemption by first class mail, postage prepaid, to each Holder whose Notes are to be redeemed at its registered address. At Casella's request, the Trustee shall forward the notice of redemption in Casella's name and at Casella's expense. Each notice for redemption shall identify the Notes (including the CUSIP number) to be redeemed and shall state:

- (1) the Redemption Date;
- (2) the Redemption Price and the amount of accrued interest, if any, to be paid;
- (3) the name and address of the Paying Agent;
- (4) that Notes called for redemption must be surrendered to the Paying Agent to collect the Redemption Price plus accrued interest, if any;
- (5) that, unless Casella defaults in making the redemption payment, interest on Notes called for redemption ceases to accrue on and after the Redemption Date, and the only remaining right of the Holders of such Notes is to receive payment of the Redemption Price upon surrender to the Paying Agent of the Notes redeemed;
- (6) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the Redemption Date, and upon surrender of such Note, a new Note or Notes in aggregate principal amount equal to the unredeemed portion thereof will be issued;

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- (7) if fewer than all the Notes are to be redeemed, the identification of the particular Notes (or portion thereof) to be redeemed, as well as the aggregate principal amount of Notes to be redeemed and the aggregate principal amount of Notes to be outstanding after such partial redemption; and
- (8) the Section of the Notes pursuant to which the Notes are to be redeemed.

The notice, if mailed in a manner herein provided, shall be conclusively presumed to have been given, whether or not the Holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the Holder of any Note designated for redemption in whole or in part shall not affect the validity of the proceedings for the redemption of any other Note. Notices of redemption may not be conditional.

SECTION 3.04. EFFECT OF NOTICE OF REDEMPTION.

Once notice of redemption is mailed in accordance with Section 3.03, Notes called for redemption become due and payable on the Redemption Date and at the Redemption Price plus accrued interest, if any. Upon surrender to the Trustee or Paying Agent, such Notes called for redemption shall be paid at the Redemption Price (which shall include accrued interest thereon to the Redemption Date), but installments of interest, the maturity of which is on or prior to the Redemption Date, shall be payable to Holders of record at the close of business on the relevant Record Dates. On and after the Redemption Date interest shall cease to accrue on Notes or portions thereof called for redemption.

SECTION 3.05. DEPOSIT OF REDEMPTION PRICE.

On or before 10:00 a.m. New York time on the Redemption Date, Casella shall deposit with the Paying Agent U.S. Legal Tender sufficient to pay the Redemption Price plus accrued interest, if any, of all Notes to be redeemed on that date.

If Casella complies with the preceding paragraph, then, unless Casella defaults in the payment of such Redemption Price plus accrued interest, if any, interest on the Notes to be redeemed will cease to accrue on and after the applicable Redemption Date, whether or not such Notes are presented for payment.

SECTION 3.06. NOTES REDEEMED IN PART.

If any Note is to be redeemed in part only, the notice of redemption that relates to such Note shall state the portion of the principal amount thereof to be redeemed. A new Note or Notes in principal amount equal to the unredeemed portion of the original Note or

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Notes shall be issued in the name of the Holder thereof upon cancellation of the original Note or Notes.

ARTICLE FOUR

COVENANTS

SECTION 4.01. PAYMENT OF NOTES.

Casella shall pay the principal of (and premium, if any) and interest on the Notes in the manner provided in the Notes, the Exchange and Registration Rights Agreement and this Indenture. An installment of principal of or interest on the Notes shall be considered paid on the date it is due if the Trustee or Paying Agent (other than Casella or an Affiliate thereof) holds on that date U.S. Legal Tender designated for and sufficient to pay the installment. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Casella shall pay interest on overdue principal (including, without limitation, post petition interest in a proceeding under any Bankruptcy Law), and overdue interest, to the extent lawful, at the same rate PER ANNUM borne by the Notes.

SECTION 4.02. MAINTENANCE OF OFFICE OR AGENCY.

Casella shall maintain in the Borough of Manhattan, The City of New York, the office or agency required under Section 2.03. Casella shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time Casella shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 12.02.

Casella may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. Casella will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Casella hereby initially designates U.S. Bank National Association, located at 100 Wall Street, Suite 2000, New York, New York 10005, as such office of Casella in accordance with Section 2.03.

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SECTION 4.03. CORPORATE EXISTENCE.

Except as otherwise permitted by Article Five, Casella shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and the corporate, partnership or other existence of each of its Restricted Subsidiaries in accordance with the respective organizational documents of each such Restricted Subsidiary and the rights

(charter and statutory) and material franchises of Casella and each of its Restricted Subsidiaries; PROVIDED, HOWEVER, that Casella shall not be required to preserve any such right, franchise or corporate existence with respect to each such Restricted Subsidiary if the loss thereof would not, individually or in the aggregate, have a material adverse effect on the business, financial condition or results of operations of Casella and its Restricted Subsidiaries taken as a whole.

SECTION 4.04. PAYMENT OF TAXES AND OTHER CLAIMS.

Each of Casella and the Guarantors shall, and shall cause each of the respective Subsidiaries to, pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all material taxes, assessments and governmental charges levied or imposed upon it or any of its respective Subsidiaries or upon the income, profits or property of it or any of its respective Subsidiaries and (b) all lawful claims for labor, materials and supplies which, in each case, if unpaid, might by law become a material liability or Lien upon the property of it or any of its Restricted Subsidiaries; PROVIDED, HOWEVER, that Casella and the Guarantors shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount the applicability or validity is being contested in good faith by appropriate proceedings and for which appropriate provision has been made.

SECTION 4.05. MAINTENANCE OF PROPERTIES AND INSURANCE.

(a) Casella shall cause all material properties owned by or leased by it or any of its Restricted Subsidiaries used or useful to the conduct of its business or the business of any of its Restricted Subsidiaries to be maintained and kept in normal condition, repair and working order and supplied with all necessary equipment and shall cause to be made all repairs, renewals, replacements, and betterments thereof, all as in its judgment may be necessary, so that the business carried on in connection therewith may be properly and advantageously conducted at all times; PROVIDED, HOWEVER, that nothing in this Section 4.05 shall prevent Casella or any of its Restricted Subsidiaries from discontinuing the use, operation or maintenance of any of such properties, or disposing of any of them, if such discontinuance or disposal is, in the judgment of the Board of Directors of Casella or any such Restricted Subsidiary desirable in the conduct of the business of Casella or any such Restricted Subsidiary, and if such discontinuance or disposal would not, individually or in the aggregate, have a material

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adverse effect on the ability of Casella or the Guarantors to perform each of their respective obligations hereunder; PROVIDED, FURTHER, that nothing in this Section 4.05 shall prevent Casella or any of its Restricted Subsidiaries from discontinuing or disposing of any properties to the extent otherwise permitted by this Indenture.

(b) Casella shall maintain, and shall cause its Restricted Subsidiaries to maintain, insurance with responsible carriers against such risks and in such amounts, and with such deductibles, retentions, self-insured amounts and co-insurance provisions, as are customarily carried by similar businesses of similar size, including property and casualty loss, workers' compensation and interruption of business insurance.

SECTION 4.06. COMPLIANCE CERTIFICATE; NOTICE OF DEFAULT.

(a) Casella shall deliver to the Trustee, within 120 days after the close of each fiscal year (which on the date hereof is April 30), an Officers' Certificate stating that a review of the activities of Casella and its Subsidiaries has been made under the supervision of the signing Officers with a view to determining whether Casella and each Guarantor has kept, observed, performed and fulfilled its obligations under this Indenture and further stating, as to each such Officer signing such certificate, that to the best of such Officer's knowledge, Casella and each Guarantor during such preceding fiscal year has kept, observed, performed and fulfilled each and every such covenant and no Default occurred during such year and at the date of such certificate there is no Default that has occurred and is continuing or, if such signers do know of such Default, the certificate shall describe its status with particularity. The Officers' Certificate shall also notify the Trustee should Casella elect to change the manner in which it fixes its fiscal year end.

(b) Casella shall deliver to the Trustee as soon as possible and in any event within five days after Casella becomes aware of the occurrence of any Default an Officers' Certificate specifying the Default and describing its status with particularity and the action proposed to be taken thereto.

SECTION 4.07. COMPLIANCE WITH LAWS.

Casella shall comply, and shall cause each of its Subsidiaries to comply, with all applicable statutes, rules, regulations, orders and restrictions of the United States, all states and municipalities thereof, and of any governmental department, commission, board, regulatory authority, bureau, agency and instrumentality of the foregoing, in respect of the conduct of their respective businesses and the ownership of their respective properties, except, in any such case, to the extent the failure to so comply would not, individually or in the aggregate, have a material adverse effect on the business, financial condition or results of operations of Casella and its Restricted Subsidiaries taken as a whole.

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SECTION 4.08. WAIVER OF STAY, EXTENSION OR USURY LAWS.

Each of Casella and each Guarantor covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive Casella or such Guarantor from paying all or any portion of the principal of and/or interest on the Notes or the Subsidiary Guarantee of any such Guarantor as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture, and (to the extent that it may lawfully do so) each hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 4.09. CHANGE OF CONTROL.

If a Change of Control occurs, each Holder of Notes will have the right to require Casella to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of that Holder's Notes pursuant to a Change of Control Offer (the "CHANGE OF CONTROL OFFER"). In the Change of Control Offer, Casella will offer to pay an amount in cash (the "CHANGE OF CONTROL PAYMENT") equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest thereon, if any, to the date of purchase. Within 30 days following any Change of Control, Casella will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the date (the "CHANGE OF CONTROL PAYMENT DATE") specified in such notice, which date shall be a Business Day no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by this Indenture and described in such notice. Such notice shall state:

- (1) that the Change of Control Offer is being made pursuant to this Section 4.09 and that all Notes tendered and not withdrawn will be accepted for payment;
- (2) the purchase price (including the amount of accrued interest) and the Change of Control Payment Date;
- (3) that any Note not tendered will continue to accrue interest;
- (4) that, unless Casella defaults in making payment therefor, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

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- (5) that Holders electing to have a Note purchased pursuant to a Change of Control Offer will be required to surrender the Note, with the

form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the second Business Day prior to the Change of Control Payment Date, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Notes the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(7) that Holders whose Notes are purchased only in part will be issued new Notes in a principal amount equal to the unpurchased portion of the Notes surrendered; and

(8) the circumstances and relevant facts regarding such Change of Control.

On or before the Change of Control Payment Date, Casella will, to the extent lawful:

- accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;
- deposit with the Paying Agent U.S. Legal Tender sufficient to pay the Change of Control Payment in respect of all Notes or portions thereof so tendered; and
- deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by Casella.

The Paying Agent will promptly mail to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; PROVIDED that each such new Note will be in a principal amount of \$1,000 or an integral multiple thereof.

Prior to complying with any of the provisions of this Section 4.09, but in any event within 90 days following a Change of Control, Casella will either repay all outstanding Senior Debt or obtain the requisite consents, if any, under all agreements governing outstanding

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Senior Debt to permit the repurchase of Notes required by this covenant. Casella will publicly announce the results of the Change of Control Offer as soon as practicable after the Change of Control Payment Date.

Casella will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by Casella and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Notwithstanding the foregoing, Casella shall not be required to make a Change of Control Offer, as provided above, if, in connection with or in contemplation of any Change of Control, it or a third party has made an offer to purchase (an "ALTERNATE OFFER") any and all Notes validly tendered at a cash price equal to or higher than the Change of Control Payment and has purchased all Notes properly tendered in accordance with the terms of such Alternate Offer. The Alternate Offer must comply with all the other provisions applicable to the Change of Control Offer, shall remain, if commenced prior to the Change of Control, open for acceptance until the consummation of the Change of Control and must permit Holders to withdraw any tenders of Notes made into the Alternate Offer until the final expiration or consummation thereof.

Casella will comply, and will cause any third party making a Change of Control Offer or an Alternate Offer to comply, with the requirements of Rule

14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with a Change of Control Offer or an Alternate Offer. To the extent the provisions of any applicable securities laws or regulations conflict with the provisions of this Indenture relating to a Change of Control Offer, Casella will not be deemed to have breached its obligations under this Indenture by virtue of complying with such laws or regulations.

SECTION 4.10. INCURRENCE OF INDEBTEDNESS AND ISSUANCE OF PREFERRED STOCK.

On or after the date of this Indenture (i) Casella will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur any Indebtedness (including Acquired Debt), and (ii) Casella will not issue any Disqualified Capital Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; PROVIDED that Casella or any Guarantor may incur Indebtedness (including Acquired Debt), and Casella may issue Disqualified Capital Stock, if the Consolidated Fixed Charge Coverage Ratio is at least 2.0 to 1.0 (this proviso, the "COVERAGE RATIO EXCEPTION").

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The first paragraph of this Section 4.10 will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "PERMITTED DEBT"):

(1) Indebtedness and letters of credit under the Senior Credit Facility (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of Casella and its Restricted Subsidiaries thereunder) in an aggregate principal amount not to exceed \$375.0 million LESS the aggregate amount of all Net Proceeds of Asset Sales applied by Casella or any of its Subsidiaries since the date of this Indenture to repay Indebtedness under the Senior Credit Facility pursuant to clause (1) of the second paragraph of Section 4.13;

(2) the Notes issued on the Issue Date, the Exchange Notes and the Subsidiary Guarantees thereof;

(3) Capital Lease Obligations and Purchase Money Obligations, and Permitted Refinancing Indebtedness thereof, in an aggregate amount not to exceed \$10.0 million at any time outstanding;

(4) Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refinance, (x) Existing Indebtedness or (y) Indebtedness incurred under the Coverage Ratio Exception or clause (2) of this paragraph or this clause (4);

(5) Indebtedness owed by Casella or any of its Restricted Subsidiaries to Casella or any of its Restricted Subsidiaries; PROVIDED that:

(a) if Casella or any Guarantor is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of Casella, or the Subsidiary Guarantee of such Guarantor, in the case of a Guarantor; and

(b) (x) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than Casella or a Wholly Owned Restricted Subsidiary thereof and (y) any sale or other transfer of any such Indebtedness to a Person that is not either Casella or a Wholly Owned Restricted Subsidiary thereof shall be deemed, in each case, to constitute an incurrence of such Indebtedness by Casella or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (5);

(6) Hedging Obligations with respect to (a) interest rates on any Indebtedness that is permitted by the terms of this Indenture to be outstanding, (b) foreign currency

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exchange rates, (c) prices of recycled paper, fiber, aluminum, tin, glass, rubber, plastics or other recycled products or (d) the price of fuel required for the operations of the businesses of Casella and its Restricted Subsidiaries; PROVIDED that (i) any such Hedging Obligation of the type described in clauses (b) through (d) will be permitted by this clause (6) only if it was entered into to protect Casella and its Restricted Subsidiaries from fluctuations in foreign currency exchange rates, the prices of recycled paper, fiber, aluminum, tin, glass, rubber, plastics or other recycled products or fuel covered by such agreements, as applicable, and not for speculative purposes, (ii) in the case of Hedging Obligations of the type described in clause (a) above, any such Hedging Obligations will be permitted by this clause (6) only to the extent the notional principal amount of such Hedging Obligations, when incurred, does not exceed the principal amount of the Indebtedness to which such Hedging Obligations relate and (iii) in the case of Hedging Obligations of the type described in clause (b) above, such Hedging Obligations do not increase the Indebtedness of Casella and its Restricted Subsidiaries outstanding other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(7) obligations in the ordinary course of business in respect of workers' compensation claims, self-insurance obligations, performance, surety and similar bonds and completion bonds and bid guarantees with respect to the assets or business of Casella or any of its Restricted Subsidiaries;

(8) (x) the Guarantee by Casella or any Guarantor of Indebtedness of Casella or a Guarantor and (y) the guarantee by any Restricted Subsidiary that is not a Guarantor of Indebtedness of any other Restricted Subsidiary that is not a Guarantor; PROVIDED that, in each case, the Indebtedness being guaranteed is permitted to be incurred by another provision of this Indenture;

(9) indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business or assets of Casella or any of its Restricted Subsidiaries or Capital Stock of any of its Restricted Subsidiaries; PROVIDED that the maximum aggregate liability in respect of all of such obligations outstanding under this clause (9) shall at no time exceed the gross proceeds including non-cash proceeds (the fair market value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by Casella and its Restricted Subsidiaries in connection with such dispositions;

(10) Acquired Debt incurred by the debtor prior to the time that the debtor thereunder was acquired by or merged into Casella or any of its Subsidiaries, or prior to the time that the related asset was acquired by Casella or any of its Subsidiaries, and

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was not incurred in connection with, or in contemplation of, such acquisition or merger, and Permitted Refinancing Indebtedness thereof, in an aggregate amount not to exceed \$10.0 million at any time outstanding;

(11) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds; PROVIDED that such Indebtedness is extinguished within five business days of incurrence; and

(12) additional Indebtedness in an aggregate amount not to exceed \$10.0 million at any time outstanding.

Notwithstanding any other provision in this Section 4.10, the maximum amount of Indebtedness that Casella or any of its Restricted Subsidiaries may incur pursuant to this covenant shall not be deemed to be exceeded as a result of fluctuations in exchange rates of currencies. The outstanding principal amount of any particular Indebtedness shall be counted only once and any obligation arising under any Guarantee, Lien, letter of credit or similar instrument supporting such Indebtedness shall be disregarded, so long as the obligor is permitted to incur such obligation. For purposes of determining compliance with this Section 4.10, in the event that an item of proposed

Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (12) above, or is entitled to be incurred pursuant to the Coverage Ratio Exception, Casella will be permitted to divide and classify such item of Indebtedness on the date of its incurrence in any manner that complies with this covenant (PROVIDED that all Indebtedness outstanding under the Senior Credit Facility on the Issue Date shall be deemed to have been incurred pursuant to clause (1) of the preceding paragraph).

SECTION 4.11. RESTRICTED PAYMENTS.

Casella will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of Casella's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving Casella or any of its Restricted Subsidiaries) or to the direct or indirect holders of Casella's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable solely in Qualified Capital Stock or dividends or distributions payable to Casella or any of its Restricted Subsidiaries);

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(ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving Casella or any of its Restricted Subsidiaries) any Equity Interests of Casella or any direct or indirect parent of Casella or any Restricted Subsidiary of Casella (other than any such Equity Interests owned by Casella or any of its Restricted Subsidiaries);

(iii) make any payment on or with respect to, or purchase, redeem, prepay, decrease, defease or otherwise acquire or retire for value, any Indebtedness that is expressly subordinated in right of payment to the Notes or any Subsidiary Guarantee, except (x) any payment of interest or principal at the Stated Maturity thereof, (y) any payment made with Qualified Capital Stock and (z) any payment made to Casella or any of its Restricted Subsidiaries; or

(iv) make any Restricted Investment

(all such payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "RESTRICTED PAYMENTS"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default has occurred and is continuing or would occur as a consequence thereof;

(2) Casella would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable Four Quarter Period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Coverage Ratio Exception; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Casella and its Restricted Subsidiaries after the date of this Indenture (excluding Restricted Payments permitted by clauses (2), (3), (4) (only to the extent payable to Casella or any of its Restricted Subsidiaries), (5), (7) and (8) of the next succeeding paragraph), is less than the sum (the "BASKET"), without duplication, of

(a) 50% of the Consolidated Net Income of Casella for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the Issue Date to the end of Casella's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), PLUS

(b) 100% of the aggregate net cash proceeds received by Casella since the Issue Date from the issuance and sale of Qualified Capital Stock or from the issuance and sale of convertible or exchangeable Disqualified Capital Stock or Indebtedness of Casella or any of its Restricted Subsidiaries that has been converted into or exchanged for Qualified Capital Stock (other than any issuance and sale to a Subsidiary of Casella), LESS the amount of any cash, or the fair market value of any other assets, distributed by Casella or any of its Restricted Subsidiaries upon such conversion or exchange (other than to Casella or any of its Restricted Subsidiaries), PLUS

(c) to the extent not otherwise included in the calculation of Consolidated Net Income for purposes of clause (a) above, 100% of (x) any amount received in cash by Casella or any of its Restricted Subsidiaries as dividends, distributions or return of capital from, or payment of interest or principal on any loan or advance to, and (y) the aggregate net cash proceeds received by Casella or any of its Restricted Subsidiaries upon the sale or other disposition of, the investee (other than an Unrestricted Subsidiary of Casella) of any Investment made by Casella and its Restricted Subsidiaries since the Issue Date; PROVIDED that the foregoing sum shall not exceed, in the case of any investee, the aggregate amount of Investments previously made (and treated as a Restricted Payment) by Casella or any of its Restricted Subsidiaries in such investee subsequent to the Issue Date; PLUS

(d) to the extent not otherwise included in the calculation of Consolidated Net Income for purposes of clause (a) above, 100% of (x) any amount received in cash by Casella or any of its Restricted Subsidiaries as dividends, distributions or return of capital from, or payment of interest or principal on any loan or advance to, or upon the sale or other disposition of the Capital Stock of, an Unrestricted Subsidiary of Casella and (y) the fair market value of the net assets of an Unrestricted Subsidiary of Casella, at the time such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary or is merged, consolidated or amalgamated with or into, or is liquidated into, Casella or any of its Restricted Subsidiaries, multiplied by Casella's proportionate interest in such Subsidiary; PROVIDED that the foregoing sum shall not exceed, in the case of any Unrestricted Subsidiary, the aggregate amount of Investments previously made (and treated as a Restricted Payment) by Casella or any of its Restricted Subsidiaries in such Unrestricted Subsidiary subsequent to the Issue Date; PLUS

(e) to the extent not otherwise included in the calculation of Consolidated Net Income for purposes of clause (a) above, 100% of the amount of

any Investment made (and treated as a Restricted Payment) since the Issue Date in a Person that subsequently becomes a Restricted Subsidiary of Casella.

The preceding provisions will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of this Indenture;

(2) the redemption, repurchase, retirement, defeasance or other acquisition of (a) any Indebtedness of Casella or any Guarantor that is expressly subordinated in right of payment to the Notes or any Subsidiary Guarantee or (b) any Equity Interests of Casella or any of its Restricted Subsidiaries in exchange for, or out of the net cash proceeds of the substantially concurrent issuance and sale (other than to a Subsidiary of Casella) of, Qualified Capital Stock; PROVIDED that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall not increase the Basket;

(3) the redemption, repurchase, retirement, defeasance or other acquisition of Indebtedness of Casella or any Guarantor which is expressly

subordinated in right of payment to the Notes or any Subsidiary Guarantee with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the payment of any dividend or other distribution of earnings and profits by a Restricted Subsidiary of Casella to the holders of all of its Equity Interests on a PRO RATA basis or to the holders of the Equity Interests of GreenFiber in accordance with the terms of the limited liability company agreement governing GreenFiber, as in effect at the time of such payment;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options if such Equity Interests represent a portion of the exercise price thereof;

(6) as long as no Default has occurred and is continuing or would be caused thereby, the redemption, repurchase or other acquisition of Equity Interests constituting restricted stock repurchased from an employee of Casella or any of its Restricted Subsidiaries in connection with the termination of employment of such employee, in an amount not to exceed the net cash proceeds received from such terminated employee upon issuance of such Equity Interests;

(7) (i) the redemption in cash on or after August 11, 2007 of the shares of Series A Redeemable Convertible Preferred Stock outstanding on the date hereof pursuant

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to the mandatory redemption provisions of the Series A Convertible Preferred Stock and (ii) the payment of dividends on the Series A Redeemable Convertible Preferred Stock by the increase, at or after the relevant dividend payment dates, in the liquidation preference thereof equal to the amount of such dividends; and

(8) Restricted Payments not to exceed \$5.0 million in the aggregate since the Issue Date.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Casella or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities having a fair market value in excess of \$5.0 million that are required to be valued by this covenant shall be determined in good faith by the Board of Directors, whose resolution with respect thereto shall be delivered to the Trustee. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the fair market value exceeds \$10.0 million. Not later than the date of making any Restricted Payment, Casella shall deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 4.11 were computed, together with a copy of any fairness opinion or appraisal required by this Indenture.

In determining whether any Restricted Payment is permitted by this Section 4.11, Casella may allocate or reallocate all or any portion of such Restricted Payment between clauses (6) and (8) of the second paragraph of this Section 4.11 or between such clauses and the Basket; PROVIDED that at the time of such allocation or reallocation, all such Restricted Payments, or allocated portions thereof, would be permitted under such provisions.

SECTION 4.12. LIENS.

Casella will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind securing Indebtedness, Attributable Debt or trade payables on any asset now owned or hereafter acquired, except Permitted Liens, unless all payments due under this Indenture and the Notes are secured on an equal and ratable basis with the obligation so secured until such time as such is no longer secured by a Lien; PROVIDED that if such obligation is by its terms expressly subordinated to the Notes or any Subsidiary Guarantee, the Lien securing such obligation shall be subordinate and junior to the Lien securing the Notes and the Subsidiary Guarantees with the same relative priority as such

subordinate or junior obligation shall have with respect to the Notes and the Subsidiary Guarantees.

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SECTION 4.13. ASSET SALES.

Casella will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- Casella or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets or Equity Interests issued, sold or otherwise disposed of;
- such fair market value, if in excess of \$5.0 million, is determined in good faith by Casella's Board of Directors and evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the Trustee; and
- at least 75% of the consideration therefor received by Casella or such Restricted Subsidiary is in the form of cash or Cash Equivalents and is received at the time of such Asset Sale. For purposes of this provision, each of the following shall be deemed to be cash:
 - (a) the amount of any liabilities shown on Casella's or such Restricted Subsidiary's most recent balance sheet (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by another Person and from which Casella and its Restricted Subsidiaries are released from further liability; and
 - (b) any securities, notes or other obligations received by Casella or any such Restricted Subsidiary from such transferee that are promptly (subject to ordinary settlement periods) converted by Casella or such Restricted Subsidiary into cash (to the extent of the cash received in that conversion).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, Casella may apply such Net Proceeds at its option:

- (1) to repay Senior Debt and, if the Senior Debt repaid is revolving credit indebtedness, to permanently reduce a corresponding amount of commitments with respect thereto;
- (2) to make an investment in or expenditures for assets (excluding securities other than Capital Stock of any Person that (A) is or becomes a Guarantor or (B) is

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merged, consolidated or amalgamated with or into, or transfers all or substantially all of its assets to, or is liquidated into, Casella or any Guarantor) that replace the assets that were the subject of the Asset Sale or that will be used in the Permitted Business ("REPLACEMENT ASSETS"); and/or

- (3) to redeem Notes pursuant to Section 5 or Section 6 of the Notes.

Pending the final application of any such Net Proceeds, Casella may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by this Indenture.

Any Net Proceeds from Asset Sales that are not applied as provided in the preceding paragraph will constitute "EXCESS PROCEEDS." When the aggregate amount of Excess Proceeds exceeds \$10.0 million, Casella will make an offer to

- all Holders of Notes and
- all holders of other Indebtedness that ranks PARI PASSU with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets

to purchase (an "ASSET SALE OFFER") the maximum principal amount of Notes and such other PARI PASSU Indebtedness that may be purchased out of the Excess Proceeds (the "ASSET SALE OFFER AMOUNT"). The offer price for Notes in any Asset Sale Offer will be equal to 100% of the principal amount of Notes purchased, plus accrued and unpaid interest, if any, to the date of purchase (the "ASSET SALE PAYMENT"), and will be payable in U.S. Legal Tender. If the aggregate principal amount of Notes and such other PARI PASSU Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, Casella shall select the Notes and such other PARI PASSU Indebtedness to be purchased on a PRO RATA basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero. Accordingly, if any Excess Proceeds remain after consummation of an Asset Sale Offer, Casella may use such Excess Proceeds for any purpose not otherwise prohibited by this Indenture.

When any non-cash consideration received by Casella or any of its Restricted Subsidiaries in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash or Cash Equivalents, such cash and Cash Equivalents must be applied in accordance with this Section 4.13.

Upon the commencement of an Asset Sale Offer, Casella shall send, by first class mail, a notice to the Trustee and to each Holder at its registered address. The notice shall contain all instructions and materials necessary to enable such Holder to tender Notes

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pursuant to the Asset Sale Offer. Any Asset Sale Offer shall be made to all Holders. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

- (1) that the Asset Sale Offer is being made pursuant to this Section 4.13;
- (2) the Asset Sale Offer Amount, the Asset Sale Payment and the date on which Notes tendered and accepted for payment shall be purchased, which date shall be at least 30 days and no later than 60 days from the date such notice is mailed (the "ASSET SALE PAYMENT DATE");
- (3) that any Notes not tendered or accepted for payment shall continue to accrete or accrue interest;
- (4) that, unless Casella defaults in making such payment, any Notes accepted for payment pursuant to the Asset Sale Offer shall cease to accrete or accrue interest after the Asset Sale Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Asset Sale Offer may only elect to have all of such Note purchased and may not elect to have only a portion of such Note purchased;
- (6) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Notes completed, or transfer by book-entry transfer, to Casella, a depository, if appointed by Casella, or the Paying Agent at the address specified in the notice at least three days before the Asset Sale Payment Date;
- (7) that Holders shall be entitled to withdraw their election if Casella, the Depository or the Paying Agent, as the case may be, receives, not later than the Asset Sale Payment Date, a notice setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;
- (8) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Asset Sale Offer Amount, Casella shall select the Notes to be purchased on a PRO RATA basis (with such adjustments as may be

deemed appropriate by Casella so that only Notes in denominations of \$1,000, or integral multiples thereof, shall be purchased); and

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(9) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On the Asset Sale Payment Date, Casella shall, to the extent lawful: (1) accept for payment all Notes or portions thereof properly tendered pursuant to the Asset Sale Offer; (2) deposit with the Paying Agent U.S. Legal Tender sufficient to pay the Asset Sale Payment in respect of all Notes or portions thereof so tendered; and (3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being repurchased by Casella. Casella shall publicly announce the results of the Asset Sale Offer on the Asset Sale Payment Date.

The Paying Agent shall promptly mail to each Holder of Notes so tendered the Asset Sale Payment for such Notes, and the Trustee shall promptly authenticate pursuant to an Authentication Order and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unredeemed portion of the Notes surrendered, if any; PROVIDED that each such new Note shall be in a principal amount of \$1,000 or an integral multiple thereof. However, if the Asset Sale Payment Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest shall be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Casella will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with an Asset Sale Offer. To the extent the provisions of any applicable securities laws or regulations conflict with the provisions of this Indenture relating to an Asset Sale Offer, Casella will not be deemed to have breached its obligations under this Indenture by virtue of complying with such laws or regulations.

SECTION 4.14. TRANSACTIONS WITH AFFILIATES.

Casella will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any of its Affiliates (each, an "AFFILIATE TRANSACTION"), unless:

(1) such Affiliate Transaction is on terms that are no less favorable to Casella or the relevant Restricted Subsidiary than those that would have been obtained

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in a comparable transaction by Casella or such Restricted Subsidiary with an unrelated Person; and

(2) Casella delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$2.0 million, a resolution of the Board of Directors of Casella set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the Disinterested Directors of Casella, if there are any such Disinterested Directors; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in

excess of \$10.0 million, or in excess of \$2.0 million if such transaction has not been approved by a majority of the Disinterested Directors or if at such time there are no Disinterested Directors, an opinion as to the fairness of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

The following items shall not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the preceding paragraph:

(1) transactions exclusively between or among Casella and/or one or more of its Restricted Subsidiaries; PROVIDED, in each case, such transaction is not otherwise prohibited by this Indenture and that no Affiliate of Casella (other than a Restricted Subsidiary) owns any Equity Interests in any Restricted Subsidiary that is a party to such transaction;

(2) any agreement in effect on the Issue Date as in effect on the Issue Date or as thereafter amended in a manner which is, taken as a whole, in the good faith judgment of the Board of Directors of Casella not materially less favorable to Casella or such Restricted Subsidiary than the original agreement as in effect on the Issue Date;

(3) any employment, compensation, benefit or indemnity agreements, arrangements or plans in respect of any officer, director, employee or consultant of Casella or any of its Restricted Subsidiaries entered into in the ordinary course of business and approved by the Board of Directors of Casella;

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(4) loans and advances permitted by clause (6) of the definition of "Permitted Investments";

(5) transactions between Casella or any of its Restricted Subsidiaries and GreenFiber; PROVIDED, in each case, that (i) such transaction (a) is on terms that are no less favorable to Casella or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Casella or such Restricted Subsidiary with an unrelated Person and (b) is not otherwise prohibited by this Indenture and (ii) no Affiliate of Casella (other than a Restricted Subsidiary) owns any Equity Interests in any Person that is a party to such transaction;

(6) the issuance and sale of Qualified Capital Stock; and

(7) Restricted Payments (other than Investments) that are permitted by Section 4.11.

SECTION 4.15. DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES.

Casella will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on or in respect of its Equity Interests to Casella or any of Casella's Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to Casella or any of Casella's Restricted Subsidiaries;

(2) make loans or advances to Casella or any of Casella's Restricted Subsidiaries; or

(3) transfer any of its properties or assets to Casella or any of Casella's Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) the Senior Credit Facility or any Existing Indebtedness, in each case, as in effect on the date of this Indenture and any amendments or refinancings thereof; PROVIDED that such amendments or refinancings are not

materially more restrictive, taken as a whole, with respect to such dividend and other restrictions than those contained in the Senior Credit Facility or such Existing Indebtedness, as in effect on the date of this Indenture;

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- (2) this Indenture and the Notes;
- (3) applicable law, rule, regulation or order of any governmental authority;
- (4) any instrument governing Indebtedness or Capital Stock of a Person acquired by Casella or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; PROVIDED that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;
- (5) customary non-assignment provisions (and sublease restrictions) in leases entered into in the ordinary course of business and consistent with past practices;
- (6) Purchase Money Obligations that impose restrictions only on the property acquired of the nature described in clause (3) of the preceding paragraph;
- (7) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by such Restricted Subsidiary pending its sale or other disposition; PROVIDED that such sale or disposition is made in compliance with Section 4.13;
- (8) Permitted Refinancing Indebtedness; PROVIDED that such dividend and other restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;
- (9) Liens securing Indebtedness otherwise permitted to be incurred pursuant to Section 4.12 that limit the right of Casella or any of its Restricted Subsidiaries to dispose of the assets subject to such Lien;
- (10) provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements entered into in the ordinary course of business;
- (11) customary restrictions on cash or other deposits or net worth imposed by customers or government authorities under contracts or other agreements entered into in the ordinary course of business; and

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- (12) any agreement relating to a Sale and Leaseback Transaction or Capital Lease Obligation, in each case, otherwise permitted by this Indenture, but only on the property subject to such transaction or lease and only to the extent that such restrictions or encumbrances are customary with respect to a Sale and Leaseback Transaction or capital lease.

SECTION 4.16. ADDITIONAL SUBSIDIARY GUARANTEES.

If Casella or any of its Restricted Subsidiaries transfers, acquires or creates another Restricted Subsidiary (other than any Foreign Subsidiary) after the date of this Indenture or transfers or causes to be transferred, in any one transaction or a series of related transactions, any assets in excess of \$1,000 to any Restricted Subsidiary (other than a Foreign Subsidiary or the Captive Insurance Subsidiary) that is not a Guarantor, or designates any Unrestricted Subsidiary (other than a Foreign Subsidiary) as a Restricted Subsidiary, then that newly acquired, created, capitalized or designated

Restricted Subsidiary must become a Guarantor and shall, within ten business days of the date on which it was so acquired, created, capitalized or designated:

- execute and deliver to the Trustee a supplemental indenture in form reasonably satisfactory to the Trustee pursuant to which such Restricted Subsidiary shall unconditionally guarantee all of Casella's obligations under the Notes and this Indenture on the terms set forth in this Indenture and
- deliver to the Trustee an Opinion of Counsel that such supplemental indenture has been duly authorized, executed and delivered by such Restricted Subsidiary and constitutes a valid and legally binding and enforceable obligation of such Restricted Subsidiary, subject to customary exceptions.

Thereafter, such Restricted Subsidiary shall be a Guarantor for all purposes of this Indenture.

Notwithstanding the preceding paragraph, any Subsidiary Guarantee will provide by its terms that it will be automatically and unconditionally released and discharged under the circumstances set forth in Section 11.05. The form of the Subsidiary Guarantee is attached hereto as EXHIBIT E.

SECTION 4.17. NO SENIOR SUBORDINATED DEBT.

Casella will not, directly or indirectly, incur any Indebtedness that is, or purports to be, subordinate or junior in right of payment to any Senior Debt of Casella and senior in any respect in right of payment to the Notes. No Guarantor will, directly or indirectly, incur any Indebtedness that is, or purports to be, subordinate or junior in right of payment to any

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Senior Debt of such Guarantor and senior in any respect in right of payment to such Guarantor's Subsidiary Guarantee. For purposes hereof, unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness solely because it is unsecured, and Indebtedness that is not Guaranteed by a particular Person shall not be deemed to be subordinate or junior to Indebtedness solely because it is not so Guaranteed.

SECTION 4.18. REPORTS TO HOLDERS.

Whether or not required by the Commission, so long as any Notes are outstanding, Casella will furnish to the Holders of Notes, within the time periods specified in the Commission's rules and regulations:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if Casella were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by Casella's certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if Casella were required to file such reports.

If Casella has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of Casella and its Restricted Subsidiaries separate from the financial condition and results of operations of Casella's Unrestricted Subsidiaries.

In addition, whether or not required by the Commission, Casella will file a copy of all of the information and reports referred to in clauses (1) and (2) above with the Commission for public availability within the time periods specified in the Commission's rules and regulations (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including Casella's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

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SECTION 4.19. DESIGNATION OF RESTRICTED AND UNRESTRICTED SUBSIDIARIES.

The Board of Directors of Casella may designate (a "DESIGNATION") any Restricted Subsidiary to be an Unrestricted Subsidiary if such Designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, all outstanding Investments owned by Casella and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be an Investment made as of the time of such Designation and will reduce the amount available for Restricted Payments under the first paragraph of Section 4.11 or for Permitted Investments, as applicable. All such outstanding Investments will be valued at their fair market value at the time of such Designation in accordance with the provisions of the second to last paragraph of Section 4.11. Such Designation will be permitted only if such Investment would be a Permitted Investment or otherwise would at the time of such Designation not be prohibited under Section 4.11.

The Board of Directors of Casella may revoke any Designation of a Subsidiary of Casella as an Unrestricted Subsidiary (a "REVOCATION"); PROVIDED that

(a) no Default exists at the time of or after giving effect to such Revocation; and

(b) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately after such Revocation would, if incurred at such time, have been permitted to be incurred (and shall be deemed to have been incurred) for all purposes of this Indenture.

Any such Designation or Revocation by the Board of Directors of Casella after the Issue Date shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors of Casella giving effect to such Designation or Revocation and an Officers' Certificate certifying that such Designation or Revocation complied with the foregoing provisions.

SECTION 4.20. SALE AND LEASEBACK TRANSACTIONS.

Casella will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction; PROVIDED that Casella or any Restricted Subsidiary of Casella that is a Guarantor may enter into a Sale and Leaseback Transaction if:

(1) Casella or that Guarantor, as applicable, could have (a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such Sale and Leaseback Transaction pursuant to Section 4.10 and (b) incurred a Lien to secure such Indebtedness pursuant to Section 4.12;

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(2) the gross cash proceeds of such Sale and Leaseback Transaction are at least equal to the fair market value, as determined in good faith by the Board of Directors and set forth in an Officers' Certificate delivered to the Trustee, of the assets that are the subject of such Sale and Leaseback Transaction; and

(3) the transfer of assets in such Sale and Leaseback Transaction is permitted by, and Casella applies the proceeds of such transaction in compliance with, Section 4.13 (unless the sale of such assets would not constitute an Asset Sale under the definition of "Asset Sale").

SECTION 4.21. LIMITATION ON ISSUANCES AND SALES OF EQUITY INTERESTS IN WHOLLY OWNED SUBSIDIARIES.

Casella will not, and will not permit any of its Restricted Subsidiaries to, transfer, convey, sell, lease or otherwise dispose of any Equity Interests in any Wholly Owned Restricted Subsidiary of Casella to any Person (other than Casella or a Wholly Owned Restricted Subsidiary of Casella), unless the transfer, conveyance, sale, lease or other disposition is of all the Equity Interests in such Wholly Owned Restricted Subsidiary and the Net Proceeds from such transfer, conveyance, sale, lease or other disposition are applied in accordance with the provisions of Section 4.13. In addition, Casella will not permit any of its Wholly Owned Restricted Subsidiaries to issue any of their Equity Interests (other than, if necessary, shares of their Capital Stock constituting directors' qualifying shares) to any Person other than Casella or a Wholly Owned Restricted Subsidiary of Casella. The prohibitions of this Section 4.21 will not apply with respect to the Equity Interests of GreenFiber or any of its Subsidiaries or its direct parent if or when GreenFiber becomes a Wholly Owned Restricted Subsidiary of Casella.

SECTION 4.22. BUSINESS ACTIVITIES.

Casella will not, and will not permit any Restricted Subsidiary to, engage in any business other than Permitted Businesses.

SECTION 4.23. PAYMENTS FOR CONSENT.

Casella will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes UNLESS such consideration is offered to be paid and is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or amendment.

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ARTICLE FIVE

SUCCESSOR CORPORATION

SECTION 5.01. MERGER, CONSOLIDATION, OR SALE OF ASSETS.

(a) Casella may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not Casella is the surviving corporation); or (2) sell, assign, lease, transfer, convey or otherwise dispose of all or substantially all of Casella's properties or assets (determined on a consolidated basis for Casella and its Restricted Subsidiaries), in one or more related transactions, to another Person, unless:

(1) either: (A) Casella is the surviving corporation; or (B) the Person formed by or surviving any such consolidation or merger (if other than Casella) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made (the "SURVIVING PERSON") is a corporation organized under the laws of the United States, any State thereof or the District of Columbia;

(2) the Surviving Person assumes all the obligations of Casella under the Notes, this Indenture and the Exchange and Registration Rights Agreement pursuant to agreements reasonably satisfactory to the Trustee;

(3) immediately after such transaction no Default exists (including, without limitation, after giving effect to any Indebtedness or Liens incurred, assumed or granted in connection with or in respect of such transaction); and

(4) Casella or the Surviving Person:

(x) will have a Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of Casella immediately preceding the transaction; and

(y) will be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Coverage Ratio Exception.

The foregoing clauses (3) and (4) shall not apply to (a) a merger or

consolidation of any Restricted Subsidiary with or into Casella or (b) a transaction solely for the purpose of and with the effect of reincorporating Casella in another jurisdiction and/or forming a holding company to hold all of the Capital Stock of Casella or forming an intermediate holding company to hold all of the Capital Stock of Casella's Subsidiaries.

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In the event of any transaction described in and complying with the conditions listed in the preceding paragraph in which Casella is not the continuing corporation, the successor Person formed or remaining shall succeed to, and be substituted for, and may exercise every right and power of, Casella and Casella will be discharged from all obligations and covenants under this Indenture and the Notes.

(b) No Guarantor may, and Casella will not cause or permit any Guarantor to, consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person unless:

(1) immediately after such transaction, no Default exists (including, without limitation, after giving effect to any Indebtedness or Liens incurred, assumed or granted in connection with or in respect of such transaction); and

(2) the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) assumes all the obligations of such Guarantor under its Subsidiary Guarantee, this Indenture and the Exchange and Registration Rights Agreement pursuant to agreements reasonably satisfactory to the Trustee.

The requirements of this clause (b) shall not apply to (x) a consolidation or merger of any Guarantor with or into Casella or any other Guarantor so long as Casella or a Guarantor survives such consolidation or merger or (y) the sale by consolidation or merger of a Guarantor, which sale is covered by and complies with Section 4.13.

(c) Casella will deliver to the Trustee prior to the consummation of each proposed transaction an Officers' Certificate certifying that the conditions set forth above are satisfied and an Opinion of Counsel, which opinion may contain customary exceptions and qualifications, that the proposed transaction and this supplemental indenture, if any, comply with this Indenture.

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ARTICLE SIX

DEFAULT AND REMEDIES

SECTION 6.01. EVENTS OF DEFAULT.

Each of the following is an "EVENT OF DEFAULT":

(1) default for a continued period of 30 days in the payment when due of interest on the Notes, whether or not prohibited by the subordination provisions of this Indenture;

(2) default in payment when due of the principal of or premium, if any, on the Notes, whether or not prohibited by the subordination provisions of this Indenture;

(3) failure by Casella or any of its Subsidiaries to comply with Section 4.09 or 4.13;

(4) failure by Casella or any of its Restricted Subsidiaries to comply with any of the other agreements or covenants in this Indenture or the Notes for 60 days after delivery of written notice of such failure to comply by the Trustee or Holders of not less than 25% of the principal amount of the Notes then outstanding;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any

Indebtedness whether such Indebtedness now exists or is created after the date of this Indenture, if that default:

(a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "PAYMENT DEFAULT"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$10.0 million or more;

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(6) failure by Casella or any of its Restricted Subsidiaries to pay final judgments aggregating in excess of \$10.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(7) except as permitted by this Indenture, any Subsidiary Guarantee of any Significant Subsidiary shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Subsidiary Guarantee;

(8) a court having jurisdiction in the premises enters (a) a decree or order for relief in respect of Casella or any of its Significant Subsidiaries in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or (b) a decree or order adjudging Casella or any of its Significant Subsidiaries a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of Casella or any of its Significant Subsidiaries under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of Casella or any of its Significant Subsidiaries or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order of the type in clause (a) or (b) above remains unstayed and in effect for a period of 60 consecutive days; or

(9) Casella or any of its Significant Subsidiaries:

(a) commences a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or any other case or proceeding to be adjudicated a bankrupt or insolvent; or

(b) consents to the entry of a decree or order for relief in respect of Casella or any of its Significant Subsidiaries in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against Casella or any of its Significant Subsidiaries; or

(c) files a petition or answer or consent seeking reorganization or relief under any applicable federal or state law; or

(d) consents to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator

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or similar official of Casella or any of its Significant Subsidiaries or of any substantial part of its property; or

(e) makes an assignment for the benefit of creditors; or

(f) admits in writing its inability to pay its debts generally as they become due.

SECTION 6.02. ACCELERATION.

In the case of an Event of Default arising from either Section 6.01(8) or (9) with respect to Casella or any Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

At any time after a declaration of acceleration with respect to the Notes as described in the preceding paragraph, the Holders of a majority in principal amount of the Notes may rescind and cancel such declaration and its consequences:

- (1) if the rescission would not conflict with any judgment or decree;
- (2) if all existing Defaults have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration;
- (3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid;
- (4) if Casella has paid the Trustee its reasonable compensation and reimbursed the Trustee for its expenses, disbursements and advances; and
- (5) in the event of the cure or waiver of a Default of the type set forth in Section 6.01(8) or (9), the Trustee shall have received an Officers' Certificate and an Opinion of Counsel that such Default has been cured or waived.

No such rescission shall affect any subsequent Default or impair any right consequent thereto.

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SECTION 6.03. OTHER REMEDIES.

If a Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of or interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Noteholder in exercising any right or remedy accruing upon a Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

SECTION 6.04. WAIVER OF PAST DEFAULTS.

Subject to Sections 2.09, 6.07 and 9.02, the Holders of a majority in principal amount of the outstanding Notes by notice to the Trustee may waive an existing Default and its consequences, except a Default in the payment of principal of or interest on any Note as specified in Section 6.01(1) or (2). Casella shall deliver to the Trustee an Officers' Certificate stating that the requisite percentage of Holders have consented to such waiver and attaching copies of such consents. When a Default is waived, it is cured and ceases.

SECTION 6.05. CONTROL BY MAJORITY.

The Holders of not less than a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it. Subject to Section 7.01, however, the Trustee may refuse

to follow any direction that conflicts with any law or this Indenture, that the Trustee determines may be unduly prejudicial to the rights of another Noteholder, or that may involve the Trustee in personal liability; PROVIDED that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

In the event the Trustee takes any action or follows any direction pursuant to this Indenture, the Trustee shall be entitled to indemnification against any loss or expense caused by taking such action or following such direction.

SECTION 6.06. LIMITATION ON SUITS.

A Noteholder may not pursue any remedy with respect to this Indenture or the Notes unless:

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(1) the Holder gives to the Trustee written notice of a continuing Event of Default;

(2) the Holder or Holders of at least 25% in principal amount of the outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer and provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee does not comply with the request within 45 days after receipt of the request and the offer and the provision of indemnity; and

(5) during such 45-day period the Holder or Holders of a majority in principal amount of the outstanding Notes do not give the Trustee a direction which, in the opinion of the Trustee, is inconsistent with the request.

A Noteholder may not use this Indenture to prejudice the rights of another Noteholder or to obtain a preference or priority over such other Noteholder.

SECTION 6.07. RIGHTS OF HOLDERS TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of and interest on a Note, on or after the respective due dates expressed in such Note, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Holder.

SECTION 6.08. COLLECTION SUIT BY TRUSTEE.

If a Default in payment of principal or interest specified in Section 6.01(1) or (2) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against Casella or any other obligor on the Notes for the whole amount of principal and accrued interest and fees remaining unpaid, together with interest on overdue principal and, to the extent that payment of such interest is lawful, interest on overdue installments of interest, in each case at the rate PER ANNUM borne by the Notes and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.09. TRUSTEE MAY FILE PROOFS OF CLAIM.

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim

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for the compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Noteholders allowed in any judicial proceedings relating to Casella, its creditors or its property and shall be entitled and empowered to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same, and any Custodian in any such judicial proceedings is hereby authorized by each Noteholder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Noteholders, to pay to the Trustee any amount due to it for the compensation, expenses, disbursements and advances of the Trustee, its agent and counsel, and any other amounts due the Trustee under Section 7.07. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Noteholder in any such proceeding. The Trustee shall be entitled to participate as a member of any official committee of creditors in the matters as it deems necessary or advisable.

SECTION 6.10. PRIORITIES.

If the Trustee collects any money or property pursuant to this Article Six, it shall pay out the money or property in the following order:

First: to the Trustee for amounts due under Section 7.07;

Second: to Holders for interest accrued on the Notes, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for interest;

Third: to Holders for principal amounts due and unpaid on the Notes, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal; and

Fourth: to Casella or, if applicable, the Guarantors, as their respective interests may appear.

The Trustee, upon prior notice to Casella, may fix a record date and payment date for any payment to Noteholders pursuant to this Section 6.10.

SECTION 6.11. UNDERTAKING FOR COSTS.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the

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costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07, or a suit by a Holder or Holders of more than 10% in principal amount of the outstanding Notes.

ARTICLE SEVEN

TRUSTEE

SECTION 7.01. DUTIES OF TRUSTEE.

(a) If a Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Except during the continuance of a Default:

(1) The Trustee need perform only those duties as are specifically set forth herein or in the TIA and no duties, covenants, responsibilities or obligations shall be implied in this Indenture against the Trustee.

(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates (including Officers' Certificates) or opinions (including Opinions of Counsel) furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) Notwithstanding anything to the contrary herein, the Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) This paragraph does not limit the effect of paragraph (b) of this Section 7.01.

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(2) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(3) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or to take or omit to take any action under this Indenture or take any action at the request or direction of Holders if it shall have reasonable grounds for believing that repayment of such funds is not assured to it.

(e) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to this Section 7.01.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with Casella. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) In the absence of bad faith, negligence or willful misconduct on the part of the Trustee, the Trustee shall not be responsible for the application of any money by any Paying Agent other than the Trustee.

SECTION 7.02. RIGHTS OF TRUSTEE.

Subject to Section 7.01:

(a) The Trustee may rely conclusively on any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate and an Opinion of Counsel, which shall conform to the provisions of Section 12.05. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent (other than an agent who is an employee of the Trustee) appointed with due care.

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(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it reasonably believes to be authorized or within its rights or powers.

(e) The Trustee may consult with counsel of its selection and the advice or opinion of such counsel as to matters of law shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(g) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate (including any Officers' Certificate), statement, instrument, opinion (including any Opinion of Counsel), notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled, upon reasonable notice to Casella, to examine the books, records, and premises of Casella, personally or by agent or attorney at the sole cost of Casella.

(h) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

(i) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as duties.

(j) The Trustee shall not be deemed to have notice of any Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture.

(k) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder.

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SECTION 7.03. INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with Casella, its Subsidiaries or their respective Affiliates with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

SECTION 7.04. TRUSTEE'S DISCLAIMER.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for Casella's use of the proceeds from the Notes, and it shall not be responsible for any statement of Casella in this Indenture or any document issued in connection with the sale of Notes or any statement in the Notes other than the Trustee's certificate of authentication. The Trustee makes no representations with respect to the effectiveness or adequacy of this Indenture.

SECTION 7.05. NOTICE OF DEFAULT.

If a Default occurs and is continuing and the Trustee receives actual notice of such Default, the Trustee shall mail to each Noteholder notice of the uncured Default within 60 days after such Default occurs. Except in the case of a Default in payment of principal of, or interest on, any Note, including an accelerated payment and the failure to make payment on the Change of Control Payment Date pursuant to a Change of Control Offer or the Asset Sale Offer Payment Date pursuant to an Asset Sale Offer, the Trustee may withhold the notice if and so long as the Board of Directors, the executive committee, or a

trust committee of directors and/or Responsible Officers, of the Trustee in good faith determines that withholding the notice is in the interest of the Noteholders.

SECTION 7.06. REPORTS BY TRUSTEE TO HOLDERS.

Within 60 days after each November 15, beginning with November 15, 2003, the Trustee shall, to the extent that any of the events described in TIA Section 313(a) occurred within the previous twelve months, but not otherwise, mail to each Noteholder a brief report dated as of such date that complies with TIA Section 313(a). The Trustee also shall comply with TIA Sections 313(b), 313(c) and 313(d).

A copy of each report at the time of its mailing to Noteholders shall be mailed to Casella and filed with the Commission and each securities exchange, if any, on which the Notes are listed.

Casella shall notify the Trustee if the Notes become listed on any securities exchange or of any delisting thereof and the Trustee shall comply with TIA Section 313(d).

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SECTION 7.07. COMPENSATION AND INDEMNITY.

Casella shall pay to the Trustee from time to time such compensation as Casella and the Trustee shall from time to time agree in writing for its services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. Casella shall reimburse the Trustee upon request for all reasonable disbursements, expenses and advances (including reasonable fees and expenses of counsel) incurred or made by it in addition to the compensation for its services, except any such disbursements, expenses and advances as may be attributable to the Trustee's negligence, bad faith or willful misconduct. Such expenses shall include the reasonable fees and expenses of the Trustee's agents and counsel.

Casella shall indemnify each of the Trustee or any predecessor Trustee and its agents, employees, officers, stockholders and directors for, and hold them harmless against, any and all loss, damage, claims including taxes (other than taxes based upon, measured by or determined by the income of the Trustee), liability or expense incurred by them except for such actions to the extent caused by any negligence, bad faith or willful misconduct on their part, arising out of or in connection with the acceptance or administration of this trust including the reasonable costs and expenses of defending themselves against or investigating any claim or liability in connection with the exercise or performance of any of the Trustee's rights, powers or duties hereunder. The Trustee shall notify Casella promptly of any claim asserted against the Trustee or any of its agents, employees, officers, stockholders and directors for which it may seek indemnity. Casella may, subject to the approval of the Trustee (which approval shall not be unreasonably withheld), defend the claim and the Trustee shall cooperate in the defense. The Trustee and its agents, employees, officers, stockholders and directors subject to the claim may have separate counsel and Casella shall pay the reasonable fees and expenses of such counsel; PROVIDED, HOWEVER, that Casella will not be required to pay such fees and expenses if, subject to the approval of the Trustee (which approval shall not be unreasonably withheld), it assumes the Trustee's defense and there is no conflict of interest between Casella and the Trustee and its agents, employees, officers, stockholders and directors subject to the claim in connection with such defense as reasonably determined by the Trustee. Casella need not pay for any settlement made without its written consent. Casella need not reimburse any expense or indemnify against any loss or liability to the extent incurred by the Trustee through its negligence, bad faith or willful misconduct.

To secure Casella's payment obligations in this Section 7.07, the Trustee shall have a senior claim prior to the Notes against all money or property held or collected by the Trustee, in its capacity as Trustee. The obligations of Casella and the Guarantors under this Section shall not be subordinated to the payment of Senior Debt pursuant to Article Ten or Section 11.02 except assets or money held in trust to pay principal of or interest on particular Notes.

When the Trustee incurs expenses or renders services after a Default specified in Section 6.01(8) or (9) occurs, such expenses and the compensation for such services shall be paid to the extent allowed under any Bankruptcy Law.

Notwithstanding any other provision in this Indenture, the foregoing provisions of this Section 7.07 shall survive the satisfaction and discharge of this Indenture or the appointment of a successor Trustee.

SECTION 7.08. REPLACEMENT OF TRUSTEE.

The Trustee may resign at any time by so notifying Casella in writing. The Holders of a majority in principal amount of the outstanding Notes may remove the Trustee by so notifying Casella and the Trustee and may appoint a successor Trustee. Casella may remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.10;
- (2) the Trustee is adjudged a bankrupt or an insolvent;
- (3) a receiver or other public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, Casella shall notify each Holder of such event and shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the Notes may appoint a successor Trustee to replace the successor Trustee appointed by Casella.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to Casella. Immediately after that, the retiring Trustee shall transfer, after payment of all sums then owing to the Trustee pursuant to Section 7.07, all property held by it as Trustee to the successor Trustee, subject to the Lien provided in Section 7.07, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. A successor Trustee shall mail notice of its succession to each Noteholder.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, Casella or the Holders of at least 10% in principal amount of the outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee at the expense of Casella.

If the Trustee fails to comply with Section 7.10, any Noteholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding replacement of the Trustee pursuant to this Section 7.08, Casella's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

SECTION 7.09. SUCCESSOR TRUSTEE BY MERGER, ETC.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the resulting, surviving or transferee corporation without any further act shall, if such resulting, surviving or transferee corporation is otherwise eligible hereunder, be the successor Trustee; PROVIDED that such corporation shall be otherwise qualified and eligible under this Article Seven.

SECTION 7.10. ELIGIBILITY; DISQUALIFICATION.

This Indenture shall always have a Trustee who satisfies the requirement of TIA Sections 310(a)(1), 310(a)(2) and 310(a)(5). The Trustee shall have a combined capital and surplus of at least \$150,000,000 as set forth

in its most recent published annual report of condition. In addition, if the Trustee is a corporation included in a bank holding company system, the Trustee, independently of the bank holding company, shall meet the capital requirements of TIA Section 310(a)(2). The Trustee shall comply with TIA Section 310(b); PROVIDED, HOWEVER, that there shall be excluded from the operation of TIA Section 310(b)(1) any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of Casella are outstanding, if the requirements for such exclusion set forth in TIA Section 310(b)(1) are met. The provisions of TIA Section 310 shall apply to Casella and any other obligor of the Notes.

SECTION 7.11. PREFERENTIAL COLLECTION OF CLAIMS AGAINST CASELLA.

The Trustee, in its capacity as Trustee hereunder, shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated.

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ARTICLE EIGHT

DISCHARGE OF INDENTURE; DEFEASANCE

SECTION 8.01. TERMINATION OF CASELLA'S OBLIGATIONS.

Casella may terminate its obligations under the Notes and this Indenture, except those obligations referred to in the penultimate paragraph of this Section 8.01, if all Notes previously authenticated and delivered (other than destroyed, lost or stolen Notes which have been replaced or paid) have been delivered to the Trustee for cancellation and Casella has paid all sums payable by it hereunder, or if:

(a) either (i) pursuant to Article Three, Casella shall have given notice to the Trustee and mailed a notice of redemption to each Holder of the redemption of all of the Notes in accordance with the provisions hereof or (ii) all Notes have otherwise become or will become due and payable within one (1) year hereunder;

(b) Casella shall have irrevocably deposited or caused to be deposited with the Trustee or a trustee satisfactory to the Trustee, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, as trust funds in trust solely for the benefit of the Holders of that purpose, U.S. Legal Tender or U.S. Government Obligations, or a combination thereof, in such amount as is, in the opinion of a nationally recognized firm of independent public accountants, sufficient without consideration of reinvestment of such interest, to pay principal of, premium, if any, and interest on the outstanding Notes to maturity or redemption; PROVIDED that the Trustee shall have been irrevocably instructed to apply such U.S. Legal Tender or U.S. Government Obligations, or a combination thereof, to the payment of said principal, premium, if any, and interest with respect to the Notes; and PROVIDED, FURTHER, that from and after the time of deposit, the U.S. Legal Tender or U.S. Government Obligations, or combination thereof, deposited shall not be subject to the rights of holders of Senior Debt pursuant to the provisions of Article Ten;

(c) no Default with respect to this Indenture or the Notes shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit (other than a Default resulting from borrowing of funds to be applied to such deposit) and such deposit will not result in a breach or violation of, or constitute a default under, this Indenture, the Senior Credit Facility or any other material agreement or instrument to which Casella or any of its Subsidiaries is a party or by which it is bound;

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(d) Casella shall have paid all other sums payable by it hereunder; and

(e) Casella shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent providing for or relating to the termination of Casella's obligations under the Notes and this Indenture have been complied with. Such Opinion of Counsel shall also state that such satisfaction and discharge does not result in a default under the Senior Credit Facility or any other material agreement or instrument then known to such counsel that binds or affects Casella.

Subject to the next sentence and notwithstanding the foregoing paragraph, Casella's obligations in Sections 2.05, 2.06, 2.07, 2.08, 4.01, 4.02, 7.07, 8.05 and 8.06 shall survive until the Notes are no longer outstanding pursuant to the last paragraph of Section 2.08. After the Notes are no longer outstanding, Casella's obligations in Sections 7.07, 8.05 and 8.06 shall survive.

After such delivery or irrevocable deposit, the Trustee upon request shall acknowledge in writing the discharge of Casella's obligations under the Notes and this Indenture except for those surviving obligations specified above.

SECTION 8.02. LEGAL DEFEASANCE AND COVENANT DEFEASANCE.

(a) Casella may, at its option by Board Resolution of the Board of Directors of Casella, at any time, elect to have either paragraph (b) or (c) below be applied to all outstanding Notes upon compliance with the conditions set forth in Section 8.03.

(b) Upon Casella's exercise under paragraph (a) hereof of the option applicable to this paragraph (b), Casella shall, subject to the satisfaction of the conditions set forth in Section 8.03, be deemed to have been discharged from its obligations with respect to all outstanding Notes on the date the conditions set forth below are satisfied (hereinafter, "LEGAL DEFEASANCE"). For this purpose, Legal Defeasance means that Casella shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.04 hereof and the other Sections of this Indenture referred to in (i) and (ii) below, and to have satisfied all its other obligations under such Notes and this Indenture and the Guarantors shall be deemed to have satisfied all of their obligations under the Subsidiary Guarantees and this Indenture (and the Trustee, on demand of and at the expense of Casella, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder:

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(i) the rights of Holders of outstanding Notes to receive, solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section 8.04, payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due;

(ii) Casella's obligations with respect to such Notes under Article Two and Section 4.02 hereof;

(iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder and Casella's obligations in connection therewith; and

(iv) this Article Eight.

Subject to compliance with this Article Eight, Casella may exercise its option under this Section 8.02(b) notwithstanding the prior exercise of its option under Section 8.02(c) hereof.

(c) Upon Casella's exercise under paragraph (a) hereof of the option applicable to this paragraph (c), Casella and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.03 hereof, be released from their respective obligations under the covenants contained in Sections 4.03 (with respect to Restricted Subsidiaries only), 4.04, 4.05, 4.07 and 4.09 through 4.22 and clause (4) of Section 5.01(a) hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.03 are satisfied (hereinafter, "COVENANT DEFEASANCE"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any

thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, Casella and the Guarantors may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon Casella's exercise under paragraph (a) hereof of the option applicable to this paragraph (c), subject to the satisfaction of the conditions set forth in Section 8.03 hereof, clauses (3), (5) and (6) of Section 6.01 hereof shall not constitute Events of Default.

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SECTION 8.03. CONDITIONS TO LEGAL DEFEASANCE OR COVENANT DEFEASANCE.

The following shall be the conditions to the application of either Section 8.02(b) or 8.02(c) hereof to the outstanding Notes:

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) Casella must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. Legal Tender, U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and Casella must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of an election under Section 8.02(b) hereof, Casella shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that (a) Casella has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of an election under Section 8.02(c) hereof, Casella shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default shall have occurred and be continuing either: (a) on the date of such deposit (other than a Default resulting from the borrowing of funds to be applied to such deposit), or (b) insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit; PROVIDED that such Legal Defeasance or Covenant Defeasance, as the case may be, shall be deemed to have occurred on the date of such deposit, subject to an Event of Default from bankruptcy or insolvency within such 91-day period;

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(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which Casella or any

of its Restricted Subsidiaries is a party or by which Casella or any of its Restricted Subsidiaries is bound;

(6) Casella must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by Casella with the intent of preferring the Holders of Notes over the other creditors of Casella with the intent of defeating, hindering, delaying or defrauding creditors of Casella or others; and

(7) Casella must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

SECTION 8.04. APPLICATION OF TRUST MONEY.

The Trustee or Paying Agent shall hold in trust U.S. Legal Tender and U.S. Government Obligations deposited with it pursuant to this Article Eight, and shall apply the deposited U.S. Legal Tender and the money from U.S. Government Obligations in accordance with this Indenture to the payment of principal of and interest on the Notes. The Trustee shall be under no obligation to invest said U.S. Legal Tender and U.S. Government Obligations except as it may agree with Casella.

Casella shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Legal Tender and U.S. Government Obligations deposited pursuant to Section 8.03 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article Eight to the contrary notwithstanding, the Trustee shall deliver or pay to Casella from time to time upon Casella's request any U.S. Legal Tender and U.S. Government Obligations held by it as provided in Section 8.03 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.05. REPAYMENT TO CASELLA.

Subject to this Article Eight, the Trustee and the Paying Agent shall promptly pay to Casella upon request any excess U.S. Legal Tender and U.S. Government Obligations held by them at any time and thereupon shall be relieved from all liability with respect to such

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money. The Trustee and the Paying Agent shall pay to Casella upon request any money held by them for the payment of principal or interest that remains unclaimed for two years; PROVIDED that the Trustee or such Paying Agent, before being required to make any payment, may at the expense of Casella cause to be published once in a newspaper of general circulation in the City of New York or mail to each Holder entitled to such money notice that such money remains unclaimed and that after a date specified therein which shall be at least 30 days from the date of such publication or mailing any unclaimed balance of such money then remaining will be repaid to Casella. After payment to Casella, Holders entitled to such money must look to Casella for payment as general creditors unless an applicable law designates another Person.

SECTION 8.06. REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any U.S. Legal Tender and U.S. Government Obligations in accordance with this Article Eight by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, Casella's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to this Article Eight until such time as the Trustee or Paying Agent is permitted to apply all such U.S. Legal Tender and U.S. Government Obligations in accordance with this Article Eight; PROVIDED that if Casella has made any payment of interest on or principal of any Notes because of the reinstatement of its obligations, Casella shall be subrogated to the rights of the Holders of such Notes to receive such payment from the U.S. Legal Tender and U.S. Government

Obligations held by the Trustee or Paying Agent.

ARTICLE NINE

AMENDMENTS, SUPPLEMENTS AND WAIVERS

SECTION 9.01. WITHOUT CONSENT OF HOLDERS.

Subject to Section 9.03, Casella, the Guarantors and the Trustee, together, may amend or supplement this Indenture, the Notes or the Subsidiary Guarantees without notice to or consent of any Noteholder:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

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(3) to provide for the assumption of Casella's obligations to Holders of Notes in the case of a merger or consolidation or sale of all or substantially all of Casella's assets;

(4) to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect the legal rights under this Indenture of any Holder; or

(5) to comply with requirements of the Commission in order to effect or maintain the qualification of this Indenture under the TIA;

PROVIDED that Casella has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate, each stating that such amendment or supplement complies with the provisions of this Section 9.01.

SECTION 9.02. WITH CONSENT OF HOLDERS.

(a) Subject to Sections 6.07 and 9.03, Casella, the Guarantors and the Trustee, together, with the written consent of the Holder or Holders of a majority in aggregate principal amount of the outstanding Notes, may amend or supplement this Indenture, the Notes or the Subsidiary Guarantees, without notice to any other Noteholders. Subject to Sections 6.07 and 9.03, the Holder or Holders of a majority in aggregate principal amount of the outstanding Notes may waive compliance with any provision of this Indenture, the Notes or the Subsidiary Guarantees without notice to any other Noteholders.

(b) Notwithstanding Section 9.02(a), without the consent of each Noteholder affected, an amendment, supplement or waiver, including a waiver pursuant to Section 6.04, may not (with respect to any Notes held by a non-consenting Holder):

- (1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change or have the effect of changing the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions of Sections 4.09 and 4.13);
- (3) reduce the rate of or change the time for payment of interest on any Note;
- (4) waive an uncured Default in the payment of principal of or premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the

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Holder of a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

- (5) make any Note payable in money other than that stated in the

Notes;

(6) impair or affect the right of any Holder of Notes to receive payment of principal of and interest on the Notes on or after the due dates therefor or to institute suit for payment for the enforcement of any such payment on or after the due dates therefor, or make any changes in the provisions of this Indenture permitting Holders of a majority in principal amount of Notes to waive any past Default and its consequences;

(7) waive a redemption payment with respect to any Note (other than a payment required by one of the provisions of Section 4.09 or Section 4.13, subject to clause (9) below);

(8) release any Guarantor from any of its obligations under its Subsidiary Guarantee or this Indenture otherwise than in accordance with the terms of this Indenture;

(9) in the event that a Change of Control has occurred or an Asset Sale has been consummated, amend, change or modify in any material respect the obligation of Casella to make and consummate a Change of Control Offer or make and consummate an Asset Sale Offer with respect to such Change of Control or Asset Sale;

(10) make any change to Article Ten or Section 11.02 (including the related definitions) that adversely affects the rights of the Holders of the Notes; or

(11) make any change in the preceding amendment and waiver provisions.

(c) It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment, supplement or waiver but it shall be sufficient if such consent approves the substance thereof.

(d) After an amendment, supplement or waiver under this Section 9.02 becomes effective, Casella shall mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of Casella to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or waiver.

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SECTION 9.03. EFFECT ON SENIOR DEBT.

No amendment of, or supplement or waiver to, this Indenture shall adversely affect the rights of any holder of Senior Debt under Article Ten and Section 11.02 and the defined terms as used therein without the consent of such holder or its Representative.

SECTION 9.04. COMPLIANCE WITH TIA.

From the date on which this Indenture is qualified under the TIA, every amendment, waiver or supplement of this Indenture, the Notes or the Subsidiary Guarantees shall comply with the TIA as then in effect.

SECTION 9.05. REVOCATION AND EFFECT OF CONSENTS.

Until an amendment, waiver or supplement becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent Holder may revoke the consent as to his Note or portion of his Note by notice to the Trustee or Casella received before the date on which the Trustee receives an Officers' Certificate certifying that the Holders of the requisite principal amount of Notes have consented (and not theretofore revoked such consent) to the amendment, supplement or waiver.

Casella may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement or waiver which record date shall be at least 30 days prior to the first solicitation of such consent. If a record date is fixed, then

notwithstanding the last sentence of the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date. Casella shall inform the Trustee in writing of the fixed record date if applicable.

After an amendment, supplement or waiver becomes effective, it shall bind every Noteholder, unless it makes a change described in any of clauses (1) through (11) of Section 9.02(b), in which case, the amendment, supplement or waiver shall bind only each Holder of a Note who has consented to it and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note; PROVIDED that any such waiver shall not impair or affect the right of any Holder to receive payment of principal of and interest on a Note, on or after the respective due dates therefor, or to bring suit for the enforcement

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of any such payment on or after such respective dates without the consent of such Holder.

SECTION 9.06. NOTATION ON OR EXCHANGE OF NOTES.

If an amendment, supplement or waiver changes the terms of a Note, Casella may require the Holder of the Note to deliver it to the Trustee. Casella shall provide the Trustee with an appropriate notation on the Note about the changed terms and cause the Trustee to return it to the Holder at Casella's expense. Alternatively, if Casella or the Trustee so determines, Casella in exchange for the Note shall issue and the Trustee shall authenticate a new Note that reflects the changed terms. Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.07. TRUSTEE TO SIGN AMENDMENTS, ETC.

The Trustee shall execute any amendment, supplement or waiver authorized pursuant to this Article Nine; PROVIDED that the Trustee may, but shall not be obligated to, execute any such amendment, supplement or waiver which affects the Trustee's own rights, duties or immunities under this Indenture. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate each stating that the execution of any amendment, supplement or waiver authorized pursuant to this Article Nine is authorized or permitted by this Indenture and constituted the legal, valid and binding obligations of Casella enforceable in accordance with its terms. Such Opinion of Counsel shall be at the expense of Casella.

ARTICLE TEN

SUBORDINATION OF NOTES

SECTION 10.01. NOTES SUBORDINATED TO SENIOR DEBT.

Anything herein to the contrary notwithstanding, Casella, for itself and its successors, and each Holder, by his or her acceptance of Notes, agrees that the payment of all Obligations owing to the Holders in respect of the Notes is subordinated, to the extent and in the manner provided in this Article Ten, to the prior payment in full in cash or cash equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Debt, of all Obligations on Senior Debt (including the Obligations with respect to the Senior Credit Facility, whether outstanding on the Issue Date or thereafter incurred). Notwithstanding the foregoing, payments and distributions (A) of Permitted Junior Securities and (B) made relating to the Notes from the trust established pursuant to Article Eight shall not be so subordinated in right

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of payment, so long as, with respect to (B), (i) the conditions specified in Article Eight (without any waiver or modification of the requirement that the

deposits pursuant thereto do not conflict with the terms of the Senior Credit Facility or any other Senior Debt) are satisfied on the date of any deposit pursuant to said trust and (ii) such payments and distributions did not violate the provisions of this Article Ten or Section 11.02 of this Indenture when made.

This Article Ten shall constitute a continuing offer to all Persons who become holders of, or continue to hold, Senior Debt, and such provisions are made for the benefit of the holders of Senior Debt and such holders are made obligees hereunder and any one or more of them may enforce such provisions.

SECTION 10.02. SUSPENSION OF PAYMENT WHEN SENIOR DEBT IS IN DEFAULT.

(a) If any default occurs and is continuing in the payment when due, whether at maturity, upon any redemption, by declaration or otherwise, of any principal of, interest on, unpaid drawings for letters of credit issued in respect of, or fees with respect to, any Senior Debt (a "PAYMENT DEFAULT"), then no payment or distribution of any kind or character shall be made by or on behalf of Casella or any other Person on its or their behalf with respect to any Obligations on or relating to the Notes or to acquire any of the Notes for cash or assets or otherwise.

(b) If any other event of default (other than a Payment Default) occurs and is continuing with respect to any Designated Senior Debt (as such event of default is defined in the instrument creating or evidencing such Designated Senior Debt) permitting the holders of such Designated Senior Debt then outstanding to accelerate the maturity thereof (a "NON-PAYMENT DEFAULT") and if the Representative for the respective issue of Designated Senior Debt gives notice of the Non-Payment Default to the Trustee stating that such notice is a payment blockage notice (a "PAYMENT BLOCKAGE NOTICE"), then during the period (the "PAYMENT BLOCKAGE PERIOD") beginning upon the delivery of such Payment Blockage Notice and ending on the earlier of the 179th day after such delivery and the date on which (x) all events of default with respect to all Designated Senior Debt have been cured or waived or cease to exist, (y) all Designated Senior Debt with respect to which any such Non-Payment Default has occurred and is continuing is discharged or paid in full in cash or cash equivalents, or (z) the Trustee receives notice thereof from the Representative for the respective issue of Designated Senior Debt terminating the Payment Blockage Period, neither Casella nor any other Person on its behalf shall (x) make any payment of any kind or character with respect to any Obligations on or with respect to the Notes or (y) acquire any of the Notes for cash or assets or otherwise. Notwithstanding anything herein to the contrary, (x) in no event will a Payment Blockage Period extend beyond 179 days from the date the applicable Payment Blockage Notice is received by the Trustee and (y) only one such Payment Blockage Period may be commenced within any 360 consecutive days. For all purposes of this Section 10.02(b), no Non-Payment

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Default which existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Debt shall be, or be made, the basis for the commencement of a second Payment Blockage Period by the Representative of such Designated Senior Debt whether or not within a period of 360 consecutive days, unless such Non-Payment Default shall have been cured or waived for a period of not less than 90 consecutive days (it being acknowledged that any subsequent action, or any breach of any financial covenants for a period ending after the date of commencement of such Payment Blockage Period that, in either case, would give rise to a Non-Payment Default pursuant to any provisions under which a Non-Payment Default previously existed or was continuing shall constitute a new Non-Payment Default for this purpose).

(c) The foregoing Sections 10.02(a) and (b) shall not apply to payments and distributions (A) of Permitted Junior Securities and (B) made relating to the Notes from the trust established pursuant to Article Eight, so long as, with respect to (B), (i) the conditions specified in Article Eight (without any waiver or modification of the requirement that the deposits pursuant thereto do not conflict with the terms of the Senior Credit Facility or any other Senior Debt) are satisfied on the date of any deposit pursuant to said trust and (ii) such payments and distributions did not violate the provisions of this Article Ten when made.

(d) In the event that, notwithstanding the foregoing, any payment shall be received by the Trustee or any Holder when such payment is prohibited by the foregoing provisions of this Section 10.02, such payment shall be held in

trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Debt (PRO RATA to such holders on the basis of the respective amount of Senior Debt held by such holders) or their respective Representatives, as their respective interests may appear. The Trustee shall be entitled to rely on information regarding amounts outstanding on the Senior Debt, if any, received from the holders of the Senior Debt (or their Representatives).

Nothing contained in this Article Ten shall limit the right of the Trustee or the Holders of Notes to take any action to accelerate the maturity of the Notes pursuant to Section 6.02 or to pursue any rights or remedies hereunder; PROVIDED that all Senior Debt thereafter due or declared to be due shall first be paid in full in cash or cash equivalents before the Holders are entitled to receive any payment of any kind or character with respect to Obligations on the Notes.

SECTION 10.03. NOTES SUBORDINATED TO PRIOR PAYMENT OF ALL SENIOR DEBT ON DISSOLUTION, LIQUIDATION OR REORGANIZATION OF CASELLA.

(a) Upon any payment or distribution of assets of Casella of any kind or character, whether in cash, assets or securities, to creditors upon any total or partial liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors or marshaling

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of assets and liabilities of Casella or in a bankruptcy, reorganization, insolvency, receivership or other similar proceeding relating to Casella or its assets, whether voluntary or involuntary, all Obligations due or to become due upon all Senior Debt shall first be paid in full in cash or cash equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Debt, before any payment or distribution of any kind or character is made on account of any Obligations on or relating to the Notes, or for the acquisition of any of the Notes for cash or assets or otherwise. Upon any such dissolution, winding-up, liquidation, reorganization, receivership or similar proceeding, any payment or distribution of assets of Casella of any kind or character, whether in cash, assets or securities, to which the Holders of the Notes or the Trustee under this Indenture would be entitled, except for the provisions hereof, shall be paid by Casella or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the Holders or by the Trustee under this Indenture if received by them, directly to the holders of Senior Debt (PRO RATA to such holders on the basis of the respective amounts of Senior Debt held by such holders) or their respective Representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Debt may have been issued, as their respective interests may appear, for application to the payment of Senior Debt remaining unpaid until all such Senior Debt has been paid in full in cash or cash equivalents after giving effect to any concurrent payment, distribution or provision therefor to or for the holders of Senior Debt.

(b) To the extent any payment of Senior Debt (whether by or on behalf of Casella, as proceeds of security or enforcement of any right of setoff or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to any receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person under any bankruptcy, insolvency, receivership, fraudulent conveyance or similar law, then, if such payment is recovered by, or paid over to, such receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person, the Senior Debt or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

It is further agreed that any diminution (whether pursuant to court decree or otherwise, including without limitation for any of the reasons described in the preceding sentence) of Casella's obligation to make any distribution or payment pursuant to any Senior Debt, except to the extent such diminution occurs by reason of the repayment (which has not been disgorged or returned) of such Senior Debt in cash or cash equivalents, shall have no force or effect for purposes of the subordination provisions contained in this Article Ten, with any turnover of payments as otherwise calculated pursuant to this Article Ten to be made as if no such diminution had occurred.

(c) In the event that, notwithstanding the foregoing, any payment or distribution of assets of Casella of any kind or character, whether in cash, assets or securities, shall be received by any Holder when such payment or

distribution is prohibited by this Section 10.03,

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such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Debt (PRO RATA to such holders on the basis of the respective amount of Senior Debt held by such holders) or their respective Representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Debt may have been issued, as their respective interests may appear, for application to the payment of Senior Debt remaining unpaid until all such Senior Debt has been paid in full in cash or cash equivalents, after giving effect to any concurrent payment, distribution or provision therefor to or for the holders of such Senior Debt.

(d) The consolidation of Casella with, or the merger of Casella with or into, another Person or the liquidation or dissolution of Casella following the conveyance or transfer of all or substantially all of its assets, to another Person upon the terms and conditions provided in Article Five hereof and as long as permitted under the terms of the Senior Debt shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section if such other Person shall, as a part of such consolidation, merger, conveyance or transfer, assume Casella's obligations hereunder in accordance with Article Five hereof.

SECTION 10.04. PAYMENTS MAY BE MADE PRIOR TO DISSOLUTION.

Nothing contained in this Article Ten or elsewhere in this Indenture shall prevent (i) Casella, except under the conditions described in Sections 10.02 and 10.03, from making payments at any time for the purpose of making payments of principal of and interest on the Notes, or from depositing with the Trustee any moneys for such payments, or (ii) in the absence of actual knowledge by the Trustee that a given payment would be prohibited by Section 10.02 or 10.03, the application by the Trustee of any moneys deposited with it for the purpose of making such payments of principal of, and interest on, the Notes to the Holders entitled thereto unless at least two Business Days prior to the date upon which such payment would otherwise become due and payable a Responsible Officer of the Trustee shall have actually received the written notice provided for in the first sentence of Section 10.02(b) or in Section 10.07 (PROVIDED that, notwithstanding the foregoing, the Holders receiving any payments made in contravention of Section 10.02 and/or 10.03 (and the respective such payments) shall otherwise be subject to the provisions of Section 10.02 and Section 10.03). Casella shall give prompt written notice to the Trustee of any dissolution, winding-up, liquidation or reorganization of Casella, although any delay or failure to give any such notice shall have no effect on the subordination provisions contained herein.

SECTION 10.05. HOLDERS TO BE SUBROGATED TO RIGHTS OF HOLDERS OF SENIOR DEBT.

Subject to the payment in full in cash or cash equivalents of all Senior Debt, the Holders of the Notes shall be subrogated to the rights of the holders of Senior Debt to receive

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payments or distributions of cash, assets or securities of Casella applicable to the Senior Debt until the Notes shall be paid in full; and, for the purposes of such subrogation, no such payments or distributions to the holders of the Senior Debt by or on behalf of Casella, or by or on behalf of the Holders by virtue of this Article Ten, which otherwise would have been made to the Holders shall, as between Casella and the Holders, be deemed to be a payment by Casella to or on account of the Senior Debt, it being understood that the provisions of this Article Ten are and are intended solely for the purpose of defining the relative rights of the Holders, on the one hand, and the holders of Senior Debt, on the other hand.

SECTION 10.06. OBLIGATIONS OF CASELLA UNCONDITIONAL.

Nothing contained in this Article Ten or elsewhere in this Indenture or in the Notes is intended to or shall impair, as among Casella, its creditors other than the holders of Senior Debt, and the Holders, the obligation of Casella, which is absolute and unconditional, to pay to the Holders the

principal of and any interest on the Notes as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders and creditors of Casella other than the holders of the Senior Debt, nor shall anything herein or therein prevent the Holder of any Note or the Trustee on its behalf from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, in respect of cash, assets or securities of Casella received upon the exercise of any such remedy.

SECTION 10.07. NOTICE TO TRUSTEE.

Casella shall give prompt written notice to the Trustee of any fact known to Casella which would prohibit the making of any payment to or by the Trustee in respect of the Notes pursuant to the provisions of this Article Ten, although any delay or failure to give any such notice shall have no effect on the subordination provisions contained herein. Regardless of anything to the contrary contained in this Article Ten or elsewhere in this Indenture, the Trustee shall not be charged with knowledge of the existence of any default or event of default with respect to any Senior Debt or of any other facts which would prohibit the making of any payment to or by the Trustee unless and until the Trustee shall have received notice in writing from Casella, or from a holder of Senior Debt or a Representative therefor and, prior to the receipt of any such written notice, the Trustee shall be entitled to assume (in the absence of actual knowledge to the contrary) that no such facts exist. The Trustee shall be entitled to rely on the delivery to it of any notice pursuant to this Section 10.07 to establish that such notice has been given by a holder of Senior Debt (or a trustee thereof).

In the event that the Trustee determines in good faith that any evidence is required with respect to the right of any Person as a holder of Senior Debt to participate in any payment or distribution pursuant to this Article Ten, the Trustee may request such Person to

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furnish evidence to the satisfaction of the Trustee as to the amounts of Senior Debt held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article Ten, and if such evidence is not furnished the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 10.08. RELIANCE ON JUDICIAL ORDER OR CERTIFICATE OF LIQUIDATING AGENT.

Upon any payment or distribution of assets of Casella referred to in this Article Ten, the Trustee, subject to the provisions of Article Seven hereof, and the Holders of the Notes shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which any insolvency, bankruptcy, receivership, dissolution, winding-up, liquidation, reorganization or similar case or proceeding is pending, or upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Trustee or the Holders of the Notes, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of the Senior Debt and other Indebtedness of Casella, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Ten.

SECTION 10.09. TRUSTEE'S RELATION TO SENIOR DEBT.

The Trustee and any agent of Casella or the Trustee shall be entitled to all the rights set forth in this Article Ten with respect to any Senior Debt which may at any time be held by it in its individual or any other capacity to the same extent as any other holder of Senior Debt and nothing in this Indenture shall deprive the Trustee or any such agent of any of its rights as such holder.

With respect to the holders of Senior Debt, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article Ten, and no implied covenants or obligations with respect to the holders of Senior Debt shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt.

Whenever a distribution is to be made or a notice given to holders or owners of Senior Debt, the distribution may be made and the notice may be given to their Representative, if any.

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SECTION 10.10. SUBORDINATION RIGHTS NOT IMPAIRED BY ACTS OR OMISSIONS OF CASELLA OR HOLDERS OF SENIOR DEBT.

No right of any present or future holders of any Senior Debt to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of Casella or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by Casella with the terms of this Indenture, regardless of any knowledge thereof which any such holder may have or otherwise be charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Debt may, at any time and from time to time, without the consent of or notice to the Trustee, without incurring responsibility to the Trustee or the Holders of the Notes and without impairing or releasing the subordination provided in this Article Ten or the obligations hereunder of the Holders of the Notes to the holders of the Senior Debt, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Debt, or otherwise amend or supplement in any manner Senior Debt, or any instrument evidencing the same or any agreement under which Senior Debt is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Debt; (iii) release any Person liable in any manner for the payment or collection of Senior Debt; and (iv) exercise or refrain from exercising any rights against Casella and any other Person.

SECTION 10.11. NOTEHOLDERS AUTHORIZE TRUSTEE TO EFFECTUATE SUBORDINATION OF NOTES.

Each Holder of Notes by its acceptance of them authorizes and expressly directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate, as between the holders of Senior Debt and the Holders of Notes, the subordination provided in this Article Ten, and appoints the Trustee its attorney-in-fact for such purposes, including, in the event of any dissolution, winding-up, liquidation or reorganization of Casella (whether in bankruptcy, insolvency, receivership, reorganization or similar proceedings or upon an assignment for the benefit of creditors or otherwise) tending towards liquidation of the business and assets of Casella, the filing of a claim for the unpaid balance of its Notes and accrued interest in the form required in those proceedings.

If the Trustee does not file a proper claim or proof of debt in the form required in such proceeding prior to 30 days before the expiration of the time to file such claim or claims, then the holders of the Senior Debt or their Representative are or is hereby authorized to have the right to file and are or is hereby authorized to file an appropriate claim for and on behalf of the Holders of said Notes. Nothing herein contained shall be deemed to authorize the Trustee or the holders of Senior Debt or their Representative to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment

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or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee or the holders of Senior Debt or their Representative to vote in respect of the claim of any Holder in any such proceeding.

SECTION 10.12. THIS ARTICLE TEN NOT TO PREVENT EVENTS OF DEFAULT.

The failure to make a payment on account of principal of or interest on the Notes by reason of any provision of this Article Ten will not be construed as preventing the occurrence of an Event of Default.

SECTION 10.13. TRUSTEE'S COMPENSATION NOT PREJUDICED.

Nothing in this Article Ten will apply to amounts due to the Trustee

(other than payments of Obligations owing to Holders in respect of Notes) pursuant to other sections of this Indenture.

ARTICLE ELEVEN

SUBSIDIARY GUARANTEE

SECTION 11.01. UNCONDITIONAL GUARANTEE.

Subject to the provisions of this Article Eleven, each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably guarantees, on a senior subordinated basis to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of Casella or any other Guarantors to the Holders or the Trustee hereunder or thereunder: (a) (x) the due and punctual payment of the principal of, premium, if any, and interest on the Notes when and as the same shall become due and payable, whether at maturity, upon redemption or repurchase, by acceleration or otherwise, (y) the due and punctual payment of interest on the overdue principal and (to the extent permitted by law) interest, if any, on the Notes and (z) the due and punctual payment and performance of all other obligations of Casella and all other obligations of the other Guarantors (including under the Subsidiary Guarantees), in each case, to the Holders or the Trustee hereunder or thereunder (including amounts due the Trustee under Section 7.07 hereof), all in accordance with the terms hereof and thereof (collectively, the "GUARANTEE OBLIGATIONS"); and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, the due and punctual payment and performance of Guarantee Obligations in accordance with the terms of the extension or renewal, whether at maturity, upon redemption or repurchase, by acceleration or otherwise. Failing payment when due of any amount so guaranteed, or failing performance of

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any other obligation of Casella to the Holders under this Indenture or under the Notes, for whatever reason, each Guarantor shall be obligated to pay, or to perform or cause the performance of, the same immediately. A Default under this Indenture or the Notes shall constitute an event of default under the Subsidiary Guarantees, and shall entitle the Holders of Notes to accelerate the obligations of the Guarantors thereunder in the same manner and to the same extent as the obligations of Casella.

Each of the Guarantors hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, any release of any other Guarantor, the recovery of any judgment against Casella, any action to enforce the same, whether or not a Subsidiary Guarantee is affixed to any particular Note, or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each of the Guarantors hereby waives the benefit of diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of Casella, any right to require a proceeding first against Casella, protest, notice and all demands whatsoever and covenants that its Subsidiary Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes, this Indenture and this Subsidiary Guarantee. This Subsidiary Guarantee is a guarantee of payment and not of collection. If any Holder or the Trustee is required by any court or otherwise to return to Casella or to any Guarantor, or any custodian, trustee, liquidator or other similar official acting in relation to Casella or such Guarantor, any amount paid by Casella or such Guarantor to the Trustee or such Holder, this Subsidiary Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Guarantor further agrees that, as between it, on the one hand, and the Holders of Notes and the Trustee, on the other hand, (a) subject to this Article Eleven, the maturity of the obligations guaranteed hereby may be accelerated as provided in Article Six for the purposes of this Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (b) in the event of any acceleration of such obligations as provided in Article Six hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Subsidiary Guarantee.

SECTION 11.02. SUBORDINATION OF SUBSIDIARY GUARANTEE.

The obligations of each Guarantor under its Subsidiary Guarantee pursuant to this Article Eleven shall be junior and subordinated to the prior payment in full in cash or Cash Equivalents of the Senior Debt of such Guarantor on the same basis as the Notes are junior and subordinated to Senior Debt of Casella. For the purposes of the foregoing sentence, the Trustee and the Holders shall have the right to receive and/or retain payments by any of

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the Guarantors only at such times as they may receive and/or retain payments in respect of the Notes pursuant to this Indenture, including Article Ten hereof.

SECTION 11.03. LIMITATION ON GUARANTOR LIABILITY.

Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Subsidiary Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Subsidiary Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of such Guarantor under its Subsidiary Guarantee and this Article Eleven shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article Eleven, result in the obligations of such Guarantor under its Subsidiary Guarantee not constituting a fraudulent transfer or conveyance.

SECTION 11.04. EXECUTION AND DELIVERY OF SUBSIDIARY GUARANTEE.

To further evidence its Subsidiary Guarantee set forth in Section 11.01, each Guarantor hereby agrees that a notation of such Subsidiary Guarantee, substantially in the form of EXHIBIT E hereto, shall be endorsed on each Note authenticated and delivered by the Trustee. Such Subsidiary Guarantee shall be executed on behalf of each Guarantor by either manual or facsimile signature of one Officer or other person duly authorized by all necessary corporate action of each Guarantor who shall have been duly authorized to so execute by all requisite corporate action. The validity and enforceability of any Subsidiary Guarantee shall not be affected by the fact that it is not affixed to any particular Note.

Each of the Guarantors hereby agrees that its Subsidiary Guarantee set forth in Section 11.01 shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guarantee.

If an Officer of a Guarantor whose signature is on this Indenture or a Subsidiary Guarantee no longer holds that office at the time the Trustee authenticates the Note on which such Subsidiary Guarantee is endorsed or at any time thereafter, such Guarantor's Subsidiary Guarantee of such Note shall nevertheless be valid.

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The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of any Subsidiary Guarantee set forth in this Indenture on behalf of each Guarantor.

SECTION 11.05. RELEASE OF A GUARANTOR.

The Subsidiary Guarantee of a Guarantor will be released:

- (a) upon the sale or other disposition (including by way of merger or consolidation), to any Person that is not an Affiliate of Casella, of all of the Capital Stock of that Guarantor held by Casella or any of its Restricted Subsidiaries or of all or substantially all of the assets of that Guarantor; PROVIDED that such sale or other disposition is made in

accordance with this Indenture and, if Casella or any of its Restricted Subsidiaries intends to comply with the provisions of Section 4.13 by purchasing Replacement Assets, Casella delivers to the Trustee a written agreement that it will do so within the time frame set forth in Section 4.13; or

(b) if Casella designates such Guarantor as an Unrestricted Subsidiary in accordance with this Indenture;

PROVIDED, HOWEVER, in either case that any such termination shall occur only to the extent that all obligations of such Guarantor under all of its Guarantees of any Indebtedness of Casella or any Indebtedness of any other Guarantor shall also terminate upon such release and none of its Equity Interests are pledged for the benefit of any holder of any Indebtedness of Casella or any Indebtedness of any Restricted Subsidiary of Casella.

The Trustee shall execute an appropriate instrument prepared by Casella evidencing the release of a Guarantor from its obligations under its Subsidiary Guarantee upon receipt of a request by Casella or such Guarantor accompanied by an Officers' Certificate and an Opinion of Counsel certifying as to the compliance with this Section 11.05; PROVIDED, HOWEVER, that the legal counsel delivering such Opinion of Counsel may rely as to matters of fact on one or more Officers' Certificates of Casella.

Except as set forth in Articles Four and Five and this Section 11.05, nothing contained in this Indenture or in any of the Notes shall prevent any consolidation or merger of a Guarantor with or into Casella or another Guarantor or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to Casella or another Guarantor.

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SECTION 11.06. WAIVER OF SUBROGATION.

Until this Indenture is discharged and all of the Notes are discharged and paid in full, each Guarantor hereby irrevocably waives and agrees not to exercise any claim or other rights which it may now or hereafter acquire against Casella that arise from the existence, payment, performance or enforcement of Casella's obligations under the Notes or this Indenture and such Guarantor's obligations under this Subsidiary Guarantee and this Indenture, in any such instance including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, and any right to participate in any claim or remedy of the Holders against Casella, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including, without limitation, the right to take or receive from Casella, directly or indirectly, in cash or other assets or by set-off or in any other manner, payment or security on account of such claim or other rights. If any amount shall be paid to any Guarantor in violation of the preceding sentence and any amounts owing to the Trustee or the Holders of Notes under the Notes, this Indenture, or any other document or instrument delivered under or in connection with such agreements or instruments, shall not have been paid in full, such amount shall have been deemed to have been paid to such Guarantor for the benefit of, and held in trust for the benefit of, the Trustee or the Holders and shall forthwith be paid to the Trustee for the benefit of itself or such Holders to be credited and applied to the obligations in favor of the Trustee or the Holders, as the case may be, whether matured or unmatured, in accordance with the terms of this Indenture. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Indenture and that the waiver set forth in this Section 11.06 is knowingly made in contemplation of such benefits.

SECTION 11.07. IMMEDIATE PAYMENT.

Each Guarantor agrees to make immediate payment to the Trustee on behalf of the Holders of all Guarantee Obligations owing or payable to the respective Holders upon receipt of a demand for payment therefor by the Trustee to such Guarantor in writing.

SECTION 11.08. NO SET-OFF.

Each payment to be made by a Guarantor hereunder in respect of the Guarantee Obligations shall be payable in the currency or currencies in which such Guarantee Obligations are denominated, and shall be made without set-off,

counterclaim, reduction or diminution of any kind or nature.

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SECTION 11.09. GUARANTEE OBLIGATIONS ABSOLUTE.

The obligations of each Guarantor hereunder are and shall be absolute and unconditional and any monies or amounts expressed to be owing or payable by each Guarantor hereunder which may not be recoverable from such Guarantor on the basis of a Guarantee shall be recoverable from such Guarantor as a primary obligor and principal debtor in respect thereof.

SECTION 11.10. GUARANTEE OBLIGATIONS CONTINUING.

The obligations of each Guarantor hereunder shall be continuing and shall remain in full force and effect until all such obligations have been paid and satisfied in full. Each Guarantor agrees with the Trustee that it will from time to time deliver to the Trustee suitable acknowledgments of this continued liability hereunder and under any other instrument or instruments in such form as counsel to the Trustee may advise and as will prevent any action brought against it in respect of any default hereunder being barred by any statute of limitations now or hereafter in force and, in the event of the failure of a Guarantor so to do, it hereby irrevocably appoints the Trustee the attorney and agent of such Guarantor to make, execute and deliver such written acknowledgment or acknowledgments or other instruments as may from time to time become necessary or advisable, in the judgment of the Trustee on the advice of counsel, to fully maintain and keep in force the liability of such Guarantor hereunder.

SECTION 11.11. GUARANTEE OBLIGATIONS NOT REDUCED.

The obligations of each Guarantor hereunder shall not be satisfied, reduced or discharged solely by the payment of such principal, premium, if any, interest, fees and other monies or amounts as may at any time prior to discharge of this Indenture pursuant to Article Eight be or become owing or payable under or by virtue of or otherwise in connection with the Notes or this Indenture.

SECTION 11.12. GUARANTEE OBLIGATIONS REINSTATED.

The obligations of each Guarantor hereunder shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of any Guarantor hereunder (whether such payment shall have been made by or on behalf of Casella or by or on behalf of a Guarantor) is rescinded or reclaimed from any of the Holders upon the insolvency, bankruptcy, liquidation or reorganization of Casella or any Guarantor or otherwise, all as though such payment had not been made. If demand for, or acceleration of the time for, payment by Casella or any other Guarantor is stayed upon the insolvency, bankruptcy, liquidation or reorganization of Casella or such

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Guarantor, all such Indebtedness otherwise subject to demand for payment or acceleration shall nonetheless be payable by each Guarantor as provided herein.

SECTION 11.13. GUARANTEE OBLIGATIONS NOT AFFECTED.

The obligations of each Guarantor hereunder shall not be affected, impaired or diminished in any way by any act, omission, matter or thing whatsoever, occurring before, upon or after any demand for payment hereunder (and whether or not known or consented to by any Guarantor or any of the Holders) which, but for this provision, might constitute a whole or partial defense to a claim against any Guarantor hereunder or might operate to release or otherwise exonerate any Guarantor from any of its obligations hereunder or otherwise affect such obligations, whether occasioned by default of any of the Holders or otherwise, including, without limitation:

- (a) any limitation of status or power, disability, incapacity or other circumstance relating to Casella or any other Person, including any insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, winding-up or other proceeding involving or affecting Casella or any other Person;

(b) any irregularity, defect, unenforceability or invalidity in respect of any indebtedness or other obligation of Casella or any other Person under this Indenture, the Notes or any other document or instrument;

(c) any failure of Casella or any other Guarantor, whether or not without fault on its part, to perform or comply with any of the provisions of this Indenture, the Notes or any Subsidiary Guarantee, or to give notice thereof to a Guarantor;

(d) the taking or enforcing or exercising or the refusal or neglect to take or enforce or exercise any right or remedy from or against Casella or any other Person or their respective assets or the release or discharge of any such right or remedy;

(e) the granting of time, renewals, extensions, compromises, concessions, waivers, releases, discharges and other indulgences to Casella or any other Person;

(f) any change in the time, manner or place of payment of, or in any other term of, any of the Notes, or any other amendment, variation, supplement, replacement or waiver of, or any consent to departure from, any of the Notes or this Indenture, including, without limitation, any increase or decrease in the principal amount of or premium, if any, or interest on any of the Notes;

(g) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of Casella or a Guarantor;

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(h) any merger or amalgamation of Casella or a Guarantor with any Person or Persons;

(i) the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction by any present or future action of any governmental authority or court amending, varying, reducing or otherwise affecting, or purporting to amend, vary, reduce or otherwise affect, any of the Guarantee Obligations or the obligations of a Guarantor under its Subsidiary Guarantee; and

(j) any other circumstance, including release of a Guarantor pursuant to Section 11.05 (other than by complete, irrevocable payment) that might otherwise constitute a legal or equitable discharge or defense of Casella under this Indenture or the Notes or of a Guarantor in respect of its Subsidiary Guarantee hereunder.

SECTION 11.14. WAIVER.

Without in any way limiting the provisions of Section 11.01, each Guarantor hereby waives notice of acceptance hereof, notice of any liability of any Guarantor hereunder, notice or proof of reliance by the Holders upon the obligations of any Guarantor hereunder, and diligence, presentment, demand for payment on Casella, protest, notice of dishonor or non-payment of any of the Guarantee Obligations, or other notice or formalities to Casella or any Guarantor of any kind whatsoever.

SECTION 11.15. NO OBLIGATION TO TAKE ACTION AGAINST CASELLA.

Neither the Trustee nor any other Person shall have any obligation to enforce or exhaust any rights or remedies against Casella or any other Person or any property of Casella or any other Person before the Trustee is entitled to demand payment and performance by any or all Guarantors of their liabilities and obligations under their Subsidiary Guarantees or under this Indenture.

SECTION 11.16. DEALING WITH CASELLA AND OTHERS.

The Holders, without releasing, discharging, limiting or otherwise affecting in whole or in part the obligations and liabilities of any Guarantor hereunder and without the consent of or notice to any Guarantor, may

(a) grant time, renewals, extensions, compromises, concessions,

waivers, releases, discharges and other indulgences to Casella or any other Person;

(b) take or abstain from taking security or collateral from Casella or from perfecting security or collateral of Casella;

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(c) release, discharge, compromise, realize, enforce or otherwise deal with or do any act or thing in respect of (with or without consideration) any and all collateral, mortgages or other security given by Casella or any third party with respect to the obligations or matters contemplated by this Indenture or the Notes;

(d) accept compromises or arrangements from Casella;

(e) apply all monies at any time received from Casella or from any security upon such part of the Guarantee Obligations as the Holders may see fit or change any such application in whole or in part from time to time as the Holders may see fit; and

(f) otherwise deal with, or waive or modify their right to deal with, Casella and all other Persons and any security as the Holders or the Trustee may see fit.

SECTION 11.17. DEFAULT AND ENFORCEMENT.

If any Guarantor fails to pay in accordance with Section 11.07 hereof, the Trustee may proceed in its name as trustee hereunder in the enforcement of the Subsidiary Guarantee of any such Guarantor and such Guarantor's obligations thereunder and hereunder by any remedy provided by law, whether by legal proceedings or otherwise, and to recover from such Guarantor the obligations.

SECTION 11.18. AMENDMENT, ETC.

No amendment, modification or waiver of any provision of this Indenture relating to any Guarantor or consent to any departure by any Guarantor or any other Person from any such provision will in any event be effective unless it is signed by such Guarantor and the Trustee.

SECTION 11.19. ACKNOWLEDGMENT.

Each Guarantor hereby acknowledges communication of the terms of this Indenture and the Notes and consents to and approves of the same.

SECTION 11.20. COSTS AND EXPENSES.

Each Guarantor shall pay on demand by the Trustee any and all costs, fees and expenses (including, without limitation, legal fees on a solicitor and client basis) incurred by the Trustee, its agents, advisors and counsel or any of the Holders in enforcing any of their rights under any Subsidiary Guarantee.

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SECTION 11.21. NO MERGER OR WAIVER; CUMULATIVE REMEDIES.

No Subsidiary Guarantee shall operate by way of merger of any of the obligations of a Guarantor under any other agreement, including, without limitation, this Indenture. No failure to exercise and no delay in exercising, on the part of the Trustee or the Holders, any right, remedy, power or privilege hereunder or under this Indenture or the Notes, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under this Indenture or the Notes preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges in the Subsidiary Guarantee and under this Indenture, the Notes and any other document or instrument between a Guarantor and/or Casella and the Trustee are cumulative and not exclusive of any rights, remedies, powers and privilege provided by law.

SECTION 11.22. SURVIVAL OF GUARANTEE OBLIGATIONS.

Without prejudice to the survival of any of the other obligations of each Guarantor hereunder, the obligations of each Guarantor under Section 11.01 shall survive the payment in full of the Guarantee Obligations and shall be enforceable against such Guarantor without regard to and without giving effect to any defense, right of offset or counterclaim available to or which may be asserted by Casella or any Guarantor.

SECTION 11.23. GUARANTEE IN ADDITION TO OTHER GUARANTEE OBLIGATIONS.

The obligations of each Guarantor under its Subsidiary Guarantee and this Indenture are in addition to and not in substitution for any other obligations to the Trustee or to any of the Holders in relation to this Indenture or the Notes and any guarantees or security at any time held by or for the benefit of any of them.

SECTION 11.24. SEVERABILITY.

Any provision of this Article Eleven which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction unless its removal would substantially defeat the basic intent, spirit and purpose of this Indenture and this Article Eleven.

SECTION 11.25. SUCCESSORS AND ASSIGNS.

Each Subsidiary Guarantee shall be binding upon and inure to the benefit of each Guarantor and the Trustee and the other Holders and their respective successors and permitted assigns, except that no Guarantor may assign any of its obligations hereunder or thereunder.

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ARTICLE TWELVE

MISCELLANEOUS

SECTION 12.01. TIA CONTROLS.

If any provision of this Indenture limits, qualifies, or conflicts with another provision which is required or deemed to be included in this Indenture by the TIA, such required or deemed provision shall control.

SECTION 12.02. NOTICES.

Any notices or other communications required or permitted hereunder shall be in writing, and shall be sufficiently given if made by hand delivery, by telex, by nationally recognized overnight courier service, by telecopier or registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to Casella or a Guarantor:

c/o Casella Waste Systems, Inc.
25 Greens Hill Lane
Rutland, Vermont 05701
Attention: General Counsel

Telephone: (802) 775-0325
Facsimile: (802) 770-5348

with a copy to:

Hale and Dorr LLP
60 State Street
Boston, Massachusetts 02109
Attention: Jeffrey Stein, Esq.

Telephone: (617) 526-6624
Facsimile: (617) 526-5000

if to the Trustee:

U.S. Bank National Association
Corporate Trust Services
Goodwin Square, 23rd Floor
225 Asylum Street
Hartford, CT 06103
Attention: Corporate Trust Department

Telephone: (860) 244-1859
Facsimile: (860) 244-1897

with a copy to:

Nixon Peabody LLP
101 Federal Street
Boston, MA 02110
Jonathan Winnick, Esq.

Telephone: (617) 345-1203
Facsimile: (860) 244-1539

Each of Casella and the Trustee by written notice to each other such Person may designate additional or different addresses for notices to such Person. Any notice or communication to Casella and the Trustee, shall be deemed to have been given or made as of the date so delivered if personally delivered; when answered back; when receipt is acknowledged, if telecopied; five (5) calendar days after mailing if sent by registered or certified mail, postage prepaid (except that a notice of change of address shall not be deemed to have been given until actually received by the addressee); and next Business Day if by nationally recognized overnight courier service.

Any notice or communication mailed to a Noteholder shall be mailed to him by first class mail or other equivalent means at his address as it appears on the registration books of the Registrar and shall be sufficiently given to him if so mailed within the time prescribed.

Failure to mail a notice or communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 12.03. COMMUNICATIONS BY HOLDERS WITH OTHER HOLDERS.

Noteholders may communicate pursuant to TIA Section 312(b) with other Noteholders with respect to their rights under this Indenture, the Notes or the Subsidiary Guarantees. Casella, the Trustee, the Registrar and any other Person shall have the protection of TIA Section 312(c).

SECTION 12.04. CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.

Upon any request or application by Casella to the Trustee to take any action under this Indenture, Casella shall furnish to the Trustee at the request of the Trustee:

- (1) an Officers' Certificate, in form and substance satisfactory to the Trustee, stating that, in the opinion of the signers, all conditions precedent to be performed or effected by Casella, if any, provided for in this Indenture relating to the proposed action have been complied with; and
- (2) an Opinion of Counsel stating that, in the opinion of such counsel, any and all such conditions precedent have been complied with.

SECTION 12.05. STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture, other than the Officers' Certificate required by Section 4.06, shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with or satisfied; and

(4) a statement as to whether or not, in the opinion of each such Person, such condition or covenant has been complied with; PROVIDED, HOWEVER, that with respect to matters of fact an Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials.

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SECTION 12.06. RULES BY TRUSTEE, PAYING AGENT, REGISTRAR.

The Trustee, Paying Agent or Registrar may make reasonable rules for its functions.

SECTION 12.07. LEGAL HOLIDAYS.

If a payment date is not a Business Day, payment may be made on the next succeeding day that is a Business Day.

SECTION 12.08. GOVERNING LAW.

THIS INDENTURE, THE NOTES AND THE SUBSIDIARY GUARANTEES WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

SECTION 12.09. NO ADVERSE INTERPRETATION OF OTHER AGREEMENTS.

This Indenture may not be used to interpret another indenture, loan or debt agreement of any of Casella or any of its Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 12.10. NO RECOURSE AGAINST OTHERS.

No director, officer, employee, incorporator or stockholder of Casella or of any Guarantor, as such, shall have any liability for any obligations of Casella or the Guarantors under the Notes, this Indenture, the Guarantors' Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. Such waiver and release are part of the consideration for issuance of the Notes.

SECTION 12.11. SUCCESSORS.

All agreements of Casella and the Guarantors in this Indenture, the Notes and the Subsidiary Guarantees shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successor.

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SECTION 12.12. DUPLICATE ORIGINALS.

All parties may sign any number of copies of this Indenture. Each signed copy or counterpart shall be an original, but all of them together shall represent the same agreement.

SECTION 12.13. SEVERABILITY.

In case any one or more of the provisions in this Indenture, in the Notes or in the Subsidiary Guarantees shall be held invalid, illegal or unenforceable, in any respect for any reason, the validity, legality and

enforceability of any such provision in every other respect and of the remaining provisions shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the full extent permitted by law.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed all as of the date first written above.

CASELLA WASTE SYSTEMS, INC.,
as Issuer

By: /s/ Richard A. Norris

Name: Richard A. Norris
Title: Senior Vice President, Chief
Financial Officer and Treasurer

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Guarantors:

ALL CYCLE WASTE, INC.
ALTERNATE ENERGY, INC.
ATLANTIC COAST FIBERS, INC.
B. AND C. SANITATION CORPORATION
BLASDELL DEVELOPMENT GROUP, INC.
BRISTOL WASTE MANAGEMENT, INC.
CASELLA NH INVESTORS CO., LLC
CASELLA NH POWER CO., LLC
CASELLA RTG INVESTORS CO., LLC
CASELLA TRANSPORTATION, INC.
CASELLA WASTE MANAGEMENT OF
MASSACHUSETTS, INC.
CASELLA WASTE MANAGEMENT OF N.Y., INC.
CASELLA WASTE MANAGEMENT OF
PENNSYLVANIA, INC.
CASELLA WASTE MANAGEMENT, INC.
DATA DESTRUCTION SERVICES, INC.
FAIRFIELD COUNTY RECYCLING, INC.
FCR CAMDEN, INC.
FCR FLORIDA, INC.
FCR GREENSBORO, INC.
FCR GREENVILLE, INC.
FCR MORRIS, INC.
FCR PLASTICS, INC.
FCR REDEMPTION, INC.
FCR TENNESSEE, INC.
FCR VIRGINIA, INC.
FCR, INC.
FOREST ACQUISITIONS, INC.
GRASSLANDS INC.
HAKES C & D DISPOSAL, INC.
HIRAM HOLLOW REGENERATION CORP.
THE HYLAND FACILITY ASSOCIATES
By: Casella Waste Management of N.Y.,
Inc., managing partner
K-C INTERNATIONAL, LTD.
KTI BIO FUELS, INC.
KTI ENERGY OF VIRGINIA, INC.
KTI ENVIRONMENTAL GROUP, INC.
KTI NEW JERSEY FIBERS, INC.
KTI OPERATIONS INC.
KTI RECYCLING OF NEW ENGLAND, INC.
KTI RECYCLING OF NEW JERSEY, INC.
KTI SPECIALTY WASTE SERVICES, INC.

KTI, INC.
 MAINE ENERGY RECOVERY COMPANY,
 LIMITED PARTNERSHIP
 By: KTI Environmental Group, Inc.,
 general partner
 MECKLENBURG COUNTY RECYCLING, INC.
 NATURAL ENVIRONMENTAL, INC.
 NEW ENGLAND LANDFILL SOLUTIONS, LLC
 By: Rochester Environmental Park, LLC
 NEW ENGLAND WASTE SERVICES OF
 MASSACHUSETTS, INC.
 NEW ENGLAND WASTE SERVICES OF ME, INC.
 NEW ENGLAND WASTE SERVICES OF N.Y.,
 INC.
 NEW ENGLAND WASTE SERVICES OF
 VERMONT, INC.
 NEW ENGLAND WASTE SERVICES, INC.
 NEWBURY WASTE MANAGEMENT, INC.
 NORTH COUNTRY ENVIRONMENTAL
 SERVICES, INC.
 NORTHERN PROPERTIES CORPORATION OF
 PLATTSBURGH
 NORTHERN SANITATION, INC.
 PERC, INC.
 PERC MANAGEMENT COMPANY LIMITED
 PARTNERSHIP
 By: PERC, Inc., general partner
 PINE TREE WASTE, INC.
 R.A. BRONSON INC.
 RESOURCE RECOVERY OF CAPE COD, INC.
 RESOURCE RECOVERY SYSTEMS OF
 SARASOTA, INC.
 RESOURCE RECOVERY SYSTEMS, INC.
 RESOURCE TRANSFER SERVICES, INC.
 RESOURCE WASTE SYSTEMS, INC.
 ROCHESTER ENVIRONMENTAL PARK, LLC
 SCHULTZ LANDFILL, INC.
 SUNDERLAND WASTE MANAGEMENT, INC.
 U.S. FIBER, INC.
 WASTE-STREAM INC.
 WESTFIELD DISPOSAL SERVICE, INC.
 WINTERS BROTHERS, INC.

By: /s/ Richard A. Norris

 Name: Richard A. Norris
 Title: Vice President and Treasurer

U.S. BANK NATIONAL ASSOCIATION,
 as Trustee

By: /s/ Arthur L. Blakeslee

 Name: Arthur L. Blakeslee
 Title: Assistant Vice President

[INSERT THE GLOBAL NOTE LEGEND, IF APPLICABLE PURSUANT TO THE PROVISIONS OF THE INDENTURE]

[INSERT THE PRIVATE PLACEMENT LEGEND, IF APPLICABLE PURSUANT TO THE PROVISIONS OF THE INDENTURE]

CASELLA WASTE SYSTEMS, INC.
9.75% Senior Subordinated Notes 2013

No. CUSIP No.
§

CASELLA WASTE SYSTEMS, INC., a Delaware corporation ("Casella", which term includes any successor corporation), for value received promises to pay to CEDE & CO. or its registered assigns, the principal sum of _____ on February 1, 2013.

Interest Payment Dates: February 1 and August 1, commencing August 1, 2003.

Record Dates: January 15 and July 15.

Reference is made to the further provisions of this Note contained herein, which will for all purposes have the same effect as if set forth at this place.

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IN WITNESS WHEREOF, Casella has caused this Note to be signed manually or by facsimile by its duly authorized officer.

Dated:

CASELLA WASTE SYSTEMS, INC.

By:

Name:
Title:

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[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the 9.75% Senior Subordinated Notes due 2013 described in the within-mentioned Indenture.

Dated: U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:

Authorized Signatory

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(Reverse of Note)

9.75% Senior Subordinated Notes due 2013

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

SECTION 1. INTEREST. Casella Waste Systems, Inc., a Delaware corporation ("CASELLA"), promises to pay interest on the principal amount of this Note at 9.75% per annum from January 24, 2003 until maturity. Casella will pay interest semi-annually on February 1 and August 1 of each year, or if any

such day is not a Business Day, on the next succeeding Business Day (each an "INTEREST PAYMENT DATE"), commencing August 1, 2003. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance; PROVIDED that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date. Casella shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand to the extent lawful at the interest rate applicable to the Notes; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 2. METHOD OF PAYMENT. Casella will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the January 15 or July 15 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be issued in denominations of \$1,000 and integral multiples thereof. Casella shall pay principal, premium, if any, and interest on the Notes in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts ("U.S. LEGAL TENDER"). Principal, premium, if any, and interest on the Notes will be payable at the office or agency of Casella maintained for such purpose or, at the option of Casella, payment of interest may be made by check mailed to the Holders of the Notes at their respective addresses set forth in the register of Holders of Notes; PROVIDED that all payments of principal, premium and interest with respect to Notes the Holders of which have given wire transfer instructions to Casella prior to the Record Date will be required to be made by wire transfer of immediately available funds to the accounts specified by the Holders thereof. Until otherwise designated by Casella, Casella's office or agency in New York will be the office of the Trustee maintained for such purpose.

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SECTION 3. PAYING AGENT AND REGISTRAR. Initially, U.S. Bank National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. Casella may change any Paying Agent or Registrar without notice to any Holder. Casella or any of its Subsidiaries may act in any such capacity.

SECTION 4. INDENTURE AND SUBORDINATION. Casella issued the Notes under an Indenture dated as of January 24, 2003 ("INDENTURE") by and among Casella, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbbb) (the "TIA"). The Notes are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The payment of the Notes will, to the extent set forth in the Indenture, be subordinated in right of payment to the prior payment in full in cash or cash equivalents of all Senior Debt.

SECTION 5. OPTIONAL REDEMPTION. Except as set forth in Section 6 hereof, the Notes will not be redeemable at Casella's option prior to February 1, 2008. On or after February 1, 2008, the Notes will be subject to redemption at any time at the option of Casella, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon, if any, to the applicable redemption date, if redeemed during the twelve-month period beginning on February 1 of the years indicated below:

YEAR

PERCENTAGE

2008.....	104.875%
2009.....	103.250%
2010.....	101.625%
2011 and thereafter.....	100.000%

SECTION 6. OPTIONAL REDEMPTION UPON PUBLIC EQUITY OFFERING. At any time on or prior to February 1, 2006, Casella may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture at a redemption price equal to 109.750% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the redemption date, with the net cash proceeds of Public Equity Offerings by Casella; PROVIDED that (i) at least 65% of the aggregate principal amount of Notes issued under the Indenture remains outstanding immediately after the occurrence of such redemption (excluding Notes held by Casella and its Subsidiaries) and (ii) such redemption shall occur within 90 days of the date of the closing of such Public Equity Offering (disregarding the date of the closing of any over-allotment option with respect thereto).

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SECTION 7. MANDATORY REDEMPTION. For the avoidance of doubt, an offer to purchase pursuant to Section 8 hereof shall not be deemed a redemption. Casella shall not be required to make mandatory redemption payments with respect to the Notes.

SECTION 8. REPURCHASE AT OPTION OF HOLDER. Upon the occurrence of a Change of Control, and subject to certain conditions set forth in the Indenture, Casella will be required to offer to purchase all of the outstanding Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, thereon to the date of repurchase.

Casella is, subject to certain conditions and exceptions, obligated to make an offer to purchase Notes at 100% of their principal amount, plus accrued and unpaid interest, if any, thereon to the date of repurchase, with certain net cash proceeds of certain sales or other dispositions of assets in accordance with the Indenture.

SECTION 9. NOTICE OF REDEMPTION. Notice of redemption will be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at its registered address. Notes in denominations larger than \$1,000 may be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption that relates to such Note shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Note. On and after the redemption date interest ceases to accrue on Notes or portions thereof called for redemption.

SECTION 10. DENOMINATIONS, TRANSFER, EXCHANGE. The Notes are in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and Casella may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. Casella or the Registrar is not required to transfer or exchange any Note selected for redemption. Also, Casella or the Registrar is not required to transfer or exchange any Notes for a period of 15 days before a selection of Notes to be redeemed.

SECTION 11. PERSONS DEEMED OWNERS. The registered Holder of a Note may be treated as its owner for all purposes.

SECTION 12. AMENDMENT, SUPPLEMENT AND WAIVER. Subject to certain exceptions, the Indenture and the Notes may be amended or supplemented with the written consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding, and any existing Default or compliance with any provision may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding.

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Without notice to or consent of any Holder, the parties thereto may amend or

supplement the Indenture and the Notes to, among other things, cure any ambiguity, defect or inconsistency in the Indenture, provide for uncertificated Notes in addition to certificated Notes, comply with any requirements of the Commission in connection with the qualification of the Indenture under the TIA, or make any change that does not adversely affect the rights of any Holder of a Note.

SECTION 13. DEFAULTS AND REMEDIES. If a Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes generally may declare all the Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of a Default arising from certain events of bankruptcy or insolvency as set forth in the Indenture, with respect to Casella or any Significant Subsidiary, all outstanding Notes will become due and payable without further action or notice. Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default (except a Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default and its consequences under the Indenture except a continuing Default in the payment of interest on, or the principal of, or the premium on, the Notes.

SECTION 14. RESTRICTIVE COVENANTS. The Indenture contains certain covenants that, among other things, limit the ability of Casella and its Restricted Subsidiaries to make restricted payments, to incur indebtedness, to create liens, to sell assets, to permit restrictions on dividends and other payments by Restricted Subsidiaries of Casella, to consolidate, merge or sell all or substantially all of its assets or to engage in transactions with affiliates. The limitations are subject to a number of important qualifications and exceptions. Casella must annually report to the Trustee on compliance with such limitations.

SECTION 15. NO RECOURSE AGAINST OTHERS. No director, officer, employee, incorporator or stockholder of Casella or any Guarantor, as such, shall have any liability for any obligations of Casella or the Guarantors under the Notes, the Indenture, the Guarantors' Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

SECTION 16. SUBSIDIARY GUARANTEES. This Note will be entitled to the benefits of certain Subsidiary Guarantees made for the benefit of the Holders. Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and obligations thereunder of the Guarantors, the Trustee and the Holders.

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SECTION 17. TRUSTEE DEALINGS WITH CASELLA. The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with Casella, its Subsidiaries or their respective Affiliates as if it were not the Trustee.

SECTION 18. AUTHENTICATION. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

SECTION 19. ABBREVIATIONS. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

SECTION 20. ADDITIONAL RIGHTS OF HOLDERS OF RESTRICTED GLOBAL NOTES AND RESTRICTED DEFINITIVE NOTES. Pursuant to, but subject to the exceptions in, the Exchange and Registration Rights Agreement, Casella and the Guarantors will be obligated to consummate an exchange offer pursuant to which the Holder of this Note shall have the right to exchange this Note for a 9.75% Senior Subordinated Note due 2013 of Casella which shall have been registered under the Securities Act, in like principal amount and having terms identical in all material respects to this Note (except that such note shall not be entitled to

Liquidated Damages). The Holders shall be entitled to receive certain Liquidated Damages in the event such exchange offer is not consummated or the Notes are not offered for resale and upon certain other conditions, all pursuant to and in accordance with the terms of the Exchange and Registration Rights Agreement.(a)

SECTION 21. CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, Casella has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

(a) This Section not to appear on Exchange Notes

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SECTION 22. GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Casella will furnish to any Holder upon written request and without charge a copy of the Indenture.

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ASSIGNMENT FORM

I or we assign and transfer this Note to

(Print or type name, address and zip code of assignee or transferee)

(Insert Social Security or other identifying number of assignee or transferee)

and irrevocably appoint _____ agent to transfer this Note on the books of Casella. The agent may substitute another to act for him.

Dated: _____

Signed: _____

(Sign exactly as name appears on the other side of this Note)

Signature Guarantee:

Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor program reasonably acceptable to the Trustee)

In connection with any transfer of this Note occurring prior to the date which is the earlier of (i) the date of the declaration by the Commission of the effectiveness of a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), covering resales of this Note (which effectiveness shall not have been suspended or terminated at the date of the transfer) and (ii) the date following the second anniversary of the original issuance of this Note, the undersigned confirms that it has not utilized any general solicitation or general advertising in connection with the transfer:

[CHECK ONE]

- (1) / / to Casella or a subsidiary thereof; or
- (2) / / pursuant to and in compliance with Rule 144A under the Securities Act;
or
- (3) / / to an institutional "accredited investor" (as defined in Rule 501(a) (1), (2), (3) or (7) under the Securities Act) that has furnished to the

Trustee a signed letter containing certain representations and agreements (the form of which letter can be obtained from the Trustee); or

- (4) / / outside the United States to a "foreign purchaser" in compliance with Rule 904 of Regulation S under the Securities Act; or
- (5) / / pursuant to the exemption from registration provided by Rule 144 under the Securities Act; or
- (6) / / pursuant to an effective registration statement under the Securities Act; or
- (7) / / pursuant to another available exemption from the registration statement requirements of the Securities Act of 1933;

and unless the box below is checked, the undersigned confirms that such Note is not being transferred to an "affiliate" of Casella as defined in Rule 144 under the Securities Act (an "Affiliate"):

/ / The transferee is an Affiliate of Casella.

Unless one of the items is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered Holder thereof; PROVIDED, HOWEVER, that if item (3), (4), (5) or (7) is checked, Casella or the Trustee may require, prior to registering any such transfer of the Notes, in their sole discretion, such written legal opinions, certifications (including an investment letter in the case of box (3) or (4)) and other information as the Trustee or Casella has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

If none of the foregoing items are checked, the Trustee or Registrar shall not be obligated to register this Note in the name of any person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 2.16 of the Indenture shall have been satisfied.

Dated: _____ Signed: _____
(Sign exactly as name appears on the other side of this Note)

Signature Guarantee: _____

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act and is aware that the sale to it is being made in reliance on Rule 144A

-2-

and acknowledges that it has received such information regarding Casella as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: _____
NOTICE: To be executed by an executive officer

-3-

If you want to elect to have this Note purchased by Casella pursuant to Section 4.09 or Section 4.13 of the Indenture, check the appropriate box:

Section 4.09 / /

Section 4.13 / /

If you want to elect to have only part of this Note purchased by Casella pursuant to Section 4.09 or Section 4.13 of the Indenture, state the amount: \$ _____

Dated: _____

Signed: _____

(Sign exactly as name appears on the other side of this Note)

Signature Guarantee:

Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor program reasonably acceptable to the Trustee)

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EXHIBIT B

FORM OF LEGENDS

Each Global Note and Physical Note that constitutes a Restricted Security or is sold in compliance with Regulation S shall bear the following legend (the "Private Placement Legend") on the face thereof until after the second anniversary of the Issue Date, unless otherwise agreed by Casella and the Holder thereof:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) TO AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES AND OTHER JURISDICTIONS.

Each Global Note authenticated and delivered hereunder shall also bear the following legend:

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY OR A SUCCESSOR DEPOSITORY. THIS NOTE IS NOT EXCHANGEABLE FOR NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER OF THIS NOTE AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

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UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO CASELLA OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER

HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTION 2.16 OF THE INDENTURE.

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EXHIBIT C

FORM OF CERTIFICATE TO BE
DELIVERED IN CONNECTION WITH
TRANSFERS TO NON-QIB ACCREDITED INVESTORS

[], []

U.S. Bank National Association
Corporate Trust Services
Goodwin Square, 23rd Floor
225 Asylum Street
Hartford, CT 06103

Ladies and Gentlemen:

In connection with our proposed purchase of 9.75% Senior Subordinated Notes due 2013 (the "Notes") of CASELLA WASTE SYSTEMS, INC., a Delaware corporation ("Casella"), we confirm that:

1. We have received a copy of the Offering Circular (the "Offering Circular"), dated January 21, 2003, relating to the Notes and such other information as we deem necessary in order to make our investment decision. We acknowledge that we have read and agreed to the matters stated in the section entitled "Notice to Investors" of such Offering Circular, including the restrictions on duplication and circulation of the Offering Circular.

2. We understand that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Indenture relating to the Notes (the "Indenture") as described in the Offering Circular and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the "Securities Act"), and all applicable State securities laws.

3. We understand that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell any Notes, we will do so only (i) to Casella or any of its subsidiaries, (ii) inside the United States in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act), (iii) inside the United States to an institutional "accredited investor"

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(as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to the Trustee (as defined in the Indenture) a signed letter containing certain representations and agreements relating to the restrictions on transfer of the Notes (the form of which letter can be obtained from the Trustee), (iv) outside the United States in accordance with Regulation S promulgated under the Securities Act to non-U.S. persons, (v) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), (vi) in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if Casella so requests) or (vii) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any person purchasing any of the Notes from us a notice advising such purchaser that resales of the Notes are restricted as stated herein.

4. We are not acquiring the Notes for or on behalf of, and will not transfer the Notes to, any pension or welfare plan (as defined in Section 3

of the Employee Retirement Income Security Act of 1974, as amended) or plan (as defined in Section 4975 of the Internal Revenue Code of 1986, as amended), except as permitted in the section entitled "Notice to Investors" of the Offering Circular.

5. We understand that, on any proposed resale of any Notes, we will be required to furnish to the Trustee and Casella such certification, legal opinions and other information as the Trustee and Casella may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect.

6. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or their investment, as the case may be.

7. We are acquiring the Notes purchased by us for our account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

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You, Casella, the Trustee and others are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferee]

By:

Name:
Title:

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EXHIBIT D

FORM OF CERTIFICATE TO BE DELIVERED
IN CONNECTION WITH TRANSFERS
PURSUANT TO REGULATION S

[], []

U.S. Bank National Association
Corporate Trust Services
Goodwin Square, 23rd Floor
225 Asylum Street
Hartford, CT 06103

Re: Casella Waste Systems, Inc. ("Casella") 9.75% Senior
Subordinated Notes due 2013 (The "Notes")

Ladies and Gentlemen:

In connection with our proposed sale of \$[] aggregate principal amount of the Notes, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

(1) the offer of the Notes was not made to a person in the United States;

(2) either (a) at the time the buy offer was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States, or (b) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither we nor

any person acting on our behalf knows that the transaction has been prearranged with a buyer in the United States;

(3) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and

(5) we have advised the transferee of the transfer restrictions applicable to the Notes.

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You, Casella and counsel for Casella are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By:

Authorized Signature

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EXHIBIT E

SUBSIDIARY GUARANTEE

For value received, each of the undersigned hereby unconditionally guarantees, as principal obligor and not only as a surety, to the Holder of this Note the cash payment in United States dollars of principal of, premium, if any, and interest on this Note in the amounts and at the times when due and interest on the overdue principal, premium, if any, and interest, if any, of this Note, if lawful, and the payment or performance of all other obligations of Casella under the Indenture (as defined below) or the Notes, to the Holder of this Note and the Trustee, all in accordance with and subject to the terms and limitations of this Note, Article Eleven of the Indenture and this Subsidiary Guarantee. This Subsidiary Guarantee will become effective in accordance with Article Eleven of the Indenture and its terms shall be evidenced therein. The validity and enforceability of any Subsidiary Guarantee shall not be affected by the fact that it is not affixed to any particular Note.

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Indenture dated as of January 24, 2003, among Casella Waste Systems, Inc., a Delaware corporation, as issuer ("Casella"), the Guarantors named therein and U.S. Bank National Association, as trustee (the "Trustee"), as amended or supplemented (the "Indenture").

The obligations of the undersigned to the Holders of Notes and to the Trustee pursuant to this Subsidiary Guarantee and the Indenture are expressly set forth in Article Eleven of the Indenture and reference is hereby made to the Indenture for the precise terms of the Subsidiary Guarantee and all of the other provisions of the Indenture to which this Subsidiary Guarantee relates.

No director, officer, employee, incorporator or stockholder of any Guarantor, as such, shall have any liability for any obligations of the Guarantors under the Guarantors' Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation.

This Subsidiary Guarantee is subordinated in right of payment, in the manner and to the extent set forth in Article Eleven of the Indenture, to the prior payment in full in cash or cash equivalents of all Senior Debt of the Guarantors, whether outstanding on the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

SECOND AMENDED AND RESTATED REVOLVING CREDIT
AND TERM LOAN AGREEMENT

BY AND AMONG

CASELLA WASTE SYSTEMS, INC.

AND ITS SUBSIDIARIES (OTHER THAN EXCLUDED SUBSIDIARIES),
as Borrowers

THE LENDING INSTITUTIONS PARTY HERETO

AND

FLEET NATIONAL BANK,
AS ADMINISTRATIVE AGENT

and

BANK OF AMERICA, N.A.,
AS SYNDICATION AGENT

with

FLEET SECURITIES, INC.

AND

BANC OF AMERICA SECURITIES LLC

ACTING AS CO-ARRANGERS

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SECOND AMENDED AND RESTATED REVOLVING CREDIT
AND TERM LOAN AGREEMENT

This SECOND AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT (this "CREDIT AGREEMENT") is made as of the 24th day of January, 2003 by and among (a) CASELLA WASTE SYSTEMS, INC., a Delaware corporation (the "PARENT"), its Subsidiaries (other than the Excluded Subsidiaries) listed on SCHEDULE 1 hereto (the Parent and such Subsidiaries herein collectively referred to as the "BORROWERS"), (b) FLEET NATIONAL BANK, ("FLEET"), individually and as administrative agent (in such capacity, the "ADMINISTRATIVE AGENT"), (c) BANK OF

AMERICA, N.A. ("BOA"), individually and as syndication agent (in such capacity, the "SYNDICATION AGENT" and, together with the Administrative Agent, collectively referred to herein from time to time as the "AGENTS") and (d) the lending institutions from time to time parties hereto (the "LENDERS").

WHEREAS, the Borrowers, the Agents and certain lending institutions (the "EXISTING LENDERS") are parties to that certain Amended and Restated Revolving Credit and Term Loan Agreement, dated as of December 14, 1999 (the "EXISTING CREDIT AGREEMENT"), pursuant to which the Existing Lenders have made loans and other extensions of credit (the "EXISTING LOANS") to the Borrowers;

WHEREAS, the Lenders that are not Existing Lenders (the "NEW LENDERS") wish to become parties to this Credit Agreement;

WHEREAS, the Existing Lenders are willing to amend and restate the Original Credit Agreement, the New Lenders are willing to become parties to this Credit Agreement and the Lenders are willing to make loans and other extensions of credit to the Borrowers only on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged (these recitals being an integral part of this Credit Agreement), the Borrowers, Agents and the Lenders hereby agree that, as of the Effective Date (as defined below), the Existing Credit Agreement shall be amended and restated in its entirety and shall remain in full force and effect only as set forth herein:

SS.1. DEFINITIONS AND RULES OF INTERPRETATION.

SS.1.1. DEFINITIONS. The following terms shall have the meanings set forth in this ss.1 or elsewhere in the provisions of this Credit Agreement referred to below:

ACCEDING LENDER. See ss.19(g).

ACCOUNTANTS. See ss.6.4(a).

ACQUIRED BUSINESS. A business acquired by any Borrower, whether through asset or stock purchases, merger, consolidation or otherwise, during the period reported in the most recent financial statements delivered to the Lenders pursuant to ss.7.4.

ADMINISTRATIVE AGENT. Fleet acting as administrative agent for the Lenders.

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ADMINISTRATIVE AGENT'S OFFICE. The Administrative Agent's office located at 100 Federal Street, Boston, Massachusetts 02110, or at such other location as the Administrative Agent may designate from time to time.

AFFILIATE. Any Person which, directly or indirectly, controls, is controlled by or is under common control with a Borrower. "Control" of a Borrower means the power, directly or indirectly, (a) to vote ten percent (10%) or more of the capital stock or other equity interests (on a fully diluted basis) of a Borrower having ordinary voting power for the election of directors, managing members or general partners (as applicable); or (b) to direct or cause the direction of the management and policies of a Borrower (whether by contract or otherwise).

APPLICABLE CANADIAN PENSION LEGISLATION. At any time, any pension or retirement benefits legislation (be it federal, provincial, territorial, or otherwise) then applicable to any of the Borrowers or Excluded Subsidiaries, including the Pension Benefits Act (Ontario), the Income Tax Act (Canada), and all regulations thereunder.

APPLICABLE LAWS. See ss.7.10.

APPLICABLE RATE. The applicable rate per annum set forth in the following table:

REVOLVING CREDIT LOANS:				TERM LOANS:		
Level	Pricing Ratio	Applicable Rate for Base Rate Loans	Applicable Rate for Eurodollar Rate Loans	Applicable Rate for Base Rate Loans	Applicable Rate for Eurodollar Rate Loans	Commitment Fee
I	less than 2.75:1.0	Base Rate PLUS 0.25% per annum	Eurodollar Rate PLUS 2.25% per annum	Base Rate PLUS 1.00% per annum	Eurodollar Rate PLUS 3.00% per annum	0.375%
II	greater than or equal to 2.75:1.0 and less than 3.25:1.0	Base Rate PLUS 0.50% per annum	Eurodollar Rate PLUS 2.50% per annum	Base Rate PLUS 1.00% per annum	Eurodollar Rate PLUS 3.00% per annum	0.500%
III	greater than or equal to 3.25:1.0 and less than 3.75:1.0	Base Rate PLUS 0.75% per annum	Eurodollar Rate PLUS 2.75% per annum	Base Rate PLUS 1.25% per annum	Eurodollar Rate PLUS 3.25% per annum	0.500%
IV	greater than or equal to 3.75:1.0 and less than 4.25:1.0	Base Rate PLUS 1.00% per annum	Eurodollar Rate PLUS 3.00% per annum	Base Rate PLUS 1.25% per annum	Eurodollar Rate PLUS 3.25% per annum	0.500%
V	greater than or equal to 4.25:1.0	Base Rate PLUS 1.25% per annum	Eurodollar Rate PLUS 3.25% per annum	Base Rate PLUS 1.25% per annum	Eurodollar Rate PLUS 3.25% per annum	0.500%

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Each Applicable Rate shall become effective on the first day after receipt by the Lenders of financial statements delivered pursuant to ss.ss.7.4(a) or (b) hereof which indicate a change in the Pricing Ratio and in the Applicable Rate in accordance with the above table; PROVIDED that, for the period commencing on the Effective Date and ending on the date that the Compliance Certificate is delivered with respect to the second full fiscal quarter of the Borrowers ending after the Effective Date, the Applicable Rate shall be no lower than the rate set forth for Level IV. If at any time the financial statements required to be delivered pursuant to ss.ss.7.4(a) or (b) hereof are not delivered within ten (10) days after the time periods specified in such subsections, the Applicable Rate shall be the rate set forth for Level V, subject to prospective adjustment upon actual receipt of such financial statements.

APPROVED FUND. Any Fund that is administered or managed by (a) a Lender, (b) an affiliate of a Lender or (c) an entity or an affiliate of an entity that administers or manages a Lender.

ASSIGNMENT AND ACCEPTANCE. See ss.19.

AUTO-RENEWAL LETTER OF CREDIT. See ss.3.1(f).

BALANCE SHEET DATE. April 30, 2002.

BASE RATE. The higher of (a) the variable annual rate of interest so designated from time to time by Fleet as its "prime rate", such rate being a reference rate and not necessarily representing the lowest or best rate being charged to any customer, and (b) one-half of one percent (0.50%) above the Federal Funds Effective Rate. For the purposes of this definition, "FEDERAL FUNDS EFFECTIVE RATE" shall mean for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three funds brokers of recognized standing selected by the Administrative Agent. Changes in the Base Rate resulting from any changes in

Fleet's "PRIME RATE" shall take place immediately without notice or demand of any kind.

BASE RATE LOANS. Loans bearing interest calculated by reference to the Base Rate.

BENEFIT AMOUNT. See ss.5.9(f).

BOA. See preamble.

BORROWERS. The Parent and each of its Subsidiaries (other than Excluded Subsidiaries) listed on SCHEDULE 1 hereto as "Borrowers", which conduct all or substantially all of their business in the United States or Canada or which are incorporated or otherwise formed under the laws of the United States or a jurisdiction thereof or Canada and which have executed this Credit

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Agreement as of the Effective Date or have become a party hereto thereafter by executing a Joinder Agreement.

BUSINESS DAY. Any day on which banking institutions in Boston, Massachusetts are open for the transaction of banking business, and, in the case of Eurodollar Rate Loans, also a day which is a Eurodollar Business Day,

CAPITAL ASSETS. Fixed assets, both tangible (such as land, buildings, fixtures, machinery and equipment) and intangible (such as patents, copyrights, trademarks, franchises and goodwill); PROVIDED that Capital Assets shall not include any item customarily charged directly to expense or depreciated over a useful life of twelve (12) months or less in accordance with GAAP.

CAPITAL EXPENDITURES. Amounts paid or Indebtedness incurred by any Person in connection with (a) the purchase or lease by such Person of Capital Assets that would be required to be capitalized and shown on the balance sheet of such Person in accordance with GAAP or (b) the lease of any assets by such Person as lessee under any Synthetic Lease to the extent that such assets would have been Capital Assets had the Synthetic Lease been treated for accounting purposes as a Capitalized Lease.

CAPITALIZED LEASES. Leases under which any Borrower is the lessee or obligor, the discounted future rental payment obligations under which are required to be capitalized on the balance sheet of the lessee or obligor in accordance with GAAP.

CAPITAL STOCK. Any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

CELLULOSE JOINT VENTURE. The joint venture between U.S. Fiber and Greenstone Industries, Inc. with respect to the cellulose fibers business, including the manufacturing, marketing and selling of insulation and other cellulose-based products.

CERTIFIED. With respect to the financial statements of any Person, such statements as audited by a firm of independent auditors, whose report expresses the opinion, without qualification (including, without limitation, as to the scope of such auditors' review or any going concern qualification), that such financial statements present fairly the financial position of such Person in accordance with GAAP.

CFO. See ss.7.4(b).

CO-ARRANGERS. Fleet Securities, Inc. and Banc of America Securities LLC, acting as Co-Arrangers.

CODE. The Internal Revenue Code of 1986, as amended and in effect from time to time.

COLLATERAL. All of the property, rights and interests of the Borrowers that are or are intended to be subject to the security interests and mortgages created by the Security Documents.

COMMITMENT. With respect to each Revolving Credit Lender, the amount determined by multiplying such Lender's Commitment Percentage by the Total Commitment, as the same may

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be increased pursuant to ss.19(g) or reduced or reallocated from time to time pursuant to the provisions hereof, or if such commitment is terminated pursuant to the provisions hereof, zero.

COMMITMENT FEE. See ss.5.1(a).

COMMITMENT PERCENTAGE. With respect to each Revolving Credit Lender, the percentage set forth beside its name on SCHEDULE 2 hereto as the amount of such Revolving Credit Lender's percentage of the Total Commitment (subject to adjustment upon any assignment or accession pursuant to ss.19).

COMPLIANCE CERTIFICATE. See ss.7.4(c).

CONSOLIDATED or CONSOLIDATED. With reference to any term defined herein, shall mean that term as applied to the accounts of the Parent and its Subsidiaries consolidated in accordance with GAAP.

CONSOLIDATED ADJUSTED NET INCOME. For any period, the Consolidated Net Income (or Loss) of the Parent and its Subsidiaries determined in accordance with GAAP, PLUS, to the extent deducted and without duplication, (a) adjustments for non-cash write-offs attributable to the use of a fair value methodology for recognition and measurement of impairment of goodwill not identified with impaired assets in accordance with Financial Accounting Standards Board Statement No. 142 up to an aggregate amount of \$62,825,000, (b) charges incurred by the Borrowers in connection with the early termination of interest rate hedging contracts up to an aggregate amount of \$4,000,000, (c) adjustments for non-cash, non-recurring charges related to losses from asset impairment charges resulting from the sale of the Specified Entities or their assets up to an aggregate amount of \$15,000,000, and (d) the non-recurring, non-cash write-off of debt issuance expenses related to the refinancing of Indebtedness under the Existing Credit Agreement, such write-off not to exceed \$4,000,000.

CONSOLIDATED EBITDA. For any period, the Consolidated Adjusted Net Income of the Parent and its Subsidiaries determined in accordance with GAAP, PLUS, to the extent that such charge was deducted in determining Consolidated Adjusted Net Income in the relevant period and without duplication, (a) interest expense for such period; (b) income taxes for such period; (c) amortization expense for such period; (d) depreciation expense for such period; and, solely for the purpose of determining the Pricing Ratio and calculating the financial covenants set forth in ss.ss.9.3 and 9.4, (e) EBITDA of each Acquired Business and New Subsidiary, which in each case shall be included in the calculation of Consolidated EBITDA of the Parent and its Subsidiaries as if such Acquired Business or New Subsidiary was a Subsidiary as of the first day of such period only if (i) (A) the financial statements of such Acquired Business or such New Subsidiary, as the case may be, have been audited for the most recent fiscal year ended of such Acquired Business or such New Subsidiary, a portion of which fiscal year is sought to be included in the calculation of Consolidated EBITDA of the Borrowers, or, (B) if audited financial statements are not available, the Administrative Agent consents to such inclusion after being furnished with other acceptable financial statements, and (ii) a Compliance Certificate and other reasonably appropriate documentation, in form and substance reasonably satisfactory to the Administrative Agent, with respect to the historical operating results, adjustments and balance sheet of such Acquired Business or such New Subsidiary, as the case may be, (which information to the knowledge of the CFO is correct in all material respects) are provided to the Administrative Agent; and (f) non-recurring acquisition-related expenses of an Acquired Business (including compensation payable to former owner(s) of such Acquired Business) in such amounts as are approved by the Administrative Agent.

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CONSOLIDATED NET INCOME (OR LOSS). The consolidated net income (or loss) of

the Parent and its Subsidiaries after deduction of all expenses, taxes, and other proper charges determined in accordance with GAAP, LESS, to the extent included therein, (i) gains from extraordinary items, (ii) any income from discontinued operations, and (iii) income attributable to any minority equity or other Investment in any non-Borrower; provided, HOWEVER, that consolidated net income shall not be reduced pursuant to this clause (iii) by the aggregate amount of actual cash received by the Borrowers with respect to the Cellulose Joint Venture and the New Heights Investment in the form of cash dividends or cash partnership or limited liability company distributions during the applicable period to the extent that such amount exceeds the aggregate amount of Investments made by the Borrowers in the Cellulose Joint Venture and the New Heights Investment during such period.

CONSOLIDATED NET WORTH. The excess of Consolidated Total Assets over Consolidated Total Liabilities plus, without duplication, the Liquidation Value (as defined in the Series A Certificate) of the issued and outstanding Series A Preferred Stock LESS, to the extent otherwise includable in the computations of Consolidated Net Worth, any subscriptions receivable.

CONSOLIDATED SENIOR FUNDED DEBT. At any time of determination, (a) Consolidated Total Funded Debt MINUS (b) Subordinated Debt outstanding as of such date PLUS (c) any and all scheduled principal payments in respect of Seller Subordinated Debt that will become due and payable during the next successive period of four fiscal quarters.

CONSOLIDATED TOTAL ASSETS. The sum of all assets ("CONSOLIDATED BALANCE SHEET ASSETS") of the Parent and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

CONSOLIDATED TOTAL FUNDED DEBT. At any time of determination with respect to the Parent and its Subsidiaries, collectively, without duplication, whether classified as Indebtedness or otherwise on the consolidated balance sheet of the Parent and its Subsidiaries, (a) the aggregate amount of Indebtedness for (i) borrowed money or credit obtained or other similar monetary obligations, direct or indirect, (including any unpaid reimbursement obligations with respect to letters of credit, but excluding any contingent obligations with respect to letters of credit outstanding), (ii) all obligations evidenced by notes, bonds, debentures or other similar debt instruments (other than Performance Bonds), (iii) the deferred purchase price of assets (other than trade payables incurred in the ordinary course of business), and (iv) all obligations, liabilities and Indebtedness under Capitalized Leases and Synthetic Leases which correspond to principal, PLUS (b) Indebtedness of the type referred to in clause (a) of another Person guaranteed by the Parent or any of its Subsidiaries.

CONSOLIDATED TOTAL INTEREST EXPENSE. For any period, the aggregate amount of interest expense required to be paid or accrued by the Parent and its Subsidiaries during such period on all Indebtedness of the Parent and its Subsidiaries outstanding during all or any part of such period, whether such interest was or is required to be reflected as an item of expense or capitalized, including payments consisting of interest in respect of any Capitalized Lease or any Synthetic Lease, and including commitment fees, agency fees, balance deficiency fees and similar fees or expenses for such period in connection with the borrowing of money, but excluding therefrom the non-cash amortization of debt issuance costs.

CONSOLIDATED TOTAL LIABILITIES. All liabilities of the Parent and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

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CONSULTING ENGINEER. An environmental consulting firm acceptable to the Administrative Agent.

CONVERSION REQUEST. A notice given by the Parent on behalf of the Borrowers to the Administrative Agent of such Borrowers' election to convert or continue a Loan in accordance with ss.5.11.

CREDIT AGREEMENT. This Second Amended and Restated Revolving Credit and Term Loan Agreement, including the Schedules and Exhibits hereto.

DEFAULT. See ss.13.

DELINQUENT LENDER. Any Lender that fails (a) to make available to the Administrative Agent its PRO RATA share of any Loan or to purchase any Letter of Credit participation or (b) to comply with the provisions of ss.14 with respect to making dispositions and arrangements with the other Lenders, where such Lender's share of any payment received, whether by setoff or otherwise, is in excess of its PRO RATA share of such payments due and payable to all of the Lenders, in each case as, when and to the full extent required by the provisions of this Credit Agreement, shall be deemed a Delinquent Lender until such time as such delinquency is satisfied.

DE MINIMIS SUBSIDIARIES. Any Subsidiary of the Parent whose assets, liabilities and annual gross revenues do not, in each case, exceed \$1,000,000; PROVIDED that the aggregate assets, liabilities and annual gross revenues of all such Subsidiaries taken as a whole shall not exceed \$2,000,000.

DISPOSAL/DISPOSED. See the definition of "Release".

DISTRIBUTION. The declaration or payment of any dividend on or in respect of any shares of any class of Capital Stock of any Person, other than dividends payable solely in shares of common stock of such Person; the purchase, redemption, defeasance, retirement or other acquisition of any shares of any class of Capital Stock of such Person, directly or indirectly through a Subsidiary of such Person or otherwise and whether in the form of increases in the liquidation value of such shares or otherwise (including the setting apart of assets for a sinking or other analogous fund to be used for such purpose); the return of capital by any Person to its shareholders as such; or any other distribution on or in respect of any shares of any class of Capital Stock of such Person.

DOLLARS OR \$. Dollars in lawful currency of the United States of America.

DOMESTIC SUBSIDIARY. All Subsidiaries of the Parent which are incorporated or otherwise formed under the laws of the United States or a jurisdiction thereof.

DRAWDOWN DATE. The date on which any Loan is made or is to be made, and the date on which any Loan is converted or continued in accordance with ss.5.11, or the date that any draft or other form of demand for payment is honored with respect to a Letter of Credit.

EFFECTIVE DATE. The first date on which all of the conditions precedent set forth in ss.10 are satisfied.

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EMPLOYEE BENEFIT PLAN. Any employee benefit plan within the meaning of ss.3(3) of ERISA maintained or contributed to by any Borrower or any ERISA Affiliate, other than a Guaranteed Pension Plan or a Multiemployer Plan.

ENVIRONMENTAL LAWS. See ss.6.16(a).

EQUITY OFFERING. The sale or issuance by the Parent of any of its Capital Stock.

ERISA. The Employee Retirement Income Security Act of 1974, as amended and in effect from time to time.

ERISA AFFILIATE. Any Person which is treated as a single employer with any Borrower under ss.414 of the Code.

ERISA REPORTABLE EVENT. A reportable event with respect to a Guaranteed Pension Plan within the meaning of ss.4043 of ERISA and the regulations promulgated thereunder as to which the requirement of notice has not been waived.

EUROCURRENCY RESERVE RATE. For any day with respect to a Eurodollar Rate Loan, the maximum rate (expressed as a decimal) at which any bank subject thereto would be required to maintain reserves under Regulation D of the Board of Governors of the Federal Reserve System (or any successor or similar regulations relating to such reserve requirements) against "Eurocurrency Liabilities" (as that term is used in Regulation D), if such liabilities were outstanding. The Eurocurrency Reserve Rate shall be adjusted automatically on

and as of the effective date of any change in the Eurocurrency Reserve Rate.

EURODOLLAR BUSINESS DAY. Any day on which commercial banks are open for international business (including dealings in Dollar deposits) in London or such other eurodollar interbank market as may be selected by the Administrative Agent in its sole discretion acting in good faith.

EURODOLLAR RATE. For any Interest Period with respect to a Eurodollar Rate Loan, the rate of interest equal to (a) the arithmetic rate per annum (rounded upwards to the nearest 1/16 of one percent) at which Dollar deposits are offered to the Administrative Agent by prime banks in whatever eurodollar market may be selected by the Administrative Agent in its sole discretion, acting in good faith at or about 10:00 a.m. local time in such interbank market two (2) Eurodollar Business Days prior to the beginning of such Interest Period, for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the amount of the Eurodollar Rate Loan to which such Interest Period applies, DIVIDED BY (b) a number equal to 1.00 MINUS the Eurocurrency Reserve Rate, if applicable.

EURODOLLAR RATE LOANS. Loans bearing interest calculated by reference to the Eurodollar Rate.

EVENT OF DEFAULT. See ss.13.

EXCESS OPERATING CASH FLOW. For any period, an amount equal to (a) Consolidated EBITDA for such period PLUS any increases, or MINUS any decreases, as the case may be, resulting from Net Working Capital Changes for such period, MINUS extraordinary cash items of income during such period and PLUS extraordinary cash items of loss during such period, MINUS (b) the sum of (i) Capital Expenditures paid in cash to the extent not already deducted in the

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determination of Consolidated EBITDA, PLUS (ii) interest expense paid in cash for such period, PLUS (iii) taxes paid in cash during such period, PLUS (iv) scheduled principal payments of Indebtedness made during such period, PLUS (v) cash consideration paid during such period for Permitted Acquisitions. For the purposes of this definition, Excess Operating Cash Flow with respect to the fiscal year ending April 30, 2003, shall be measured from the February 1, 2003 through April 30, 2003, and for each fiscal year thereafter, shall be measured for such fiscal year.

EXCLUDED SUBSIDIARIES. The Insurance Subsidiary and each of the De Minimis Subsidiaries listed on SCHEDULE 1 hereto under the heading "Excluded Subsidiaries".

FCR. FCR, Inc., a Delaware corporation and a wholly-owned Subsidiary of KTI.

FINANCIAL AFFILIATE. A Subsidiary of the bank holding company controlling any Lender, which Subsidiary is engaging in any of the activities permitted byss.4(e) of the Bank Holding Company Act of 1956 (12 U.S.C.ss.1843).

FINANCIAL L/C(S). Letter(s) of Credit where the event which triggers payment is financial, such as the failure to pay money, and not performance related, such as failure to ship a product or provide a service, as set forth in greater detail in the letter dated March 30, 1995 from the Board of Governors of the Federal Reserve System or in any applicable directive or letter ruling of the Board of Governors of the Federal Reserve System issued subsequent thereto.

FINANCIAL L/C FEE. See ss.5.1(b).

FLEET. See preamble.

FOREIGN SUBSIDIARY. Each Subsidiary of any Borrower (whether direct or indirect, existing on the date hereof or acquired or formed hereafter in accordance with the provisions hereof) which is incorporated under the laws of a jurisdiction other than a State or other jurisdiction of the United States of America.

FUEL DERIVATIVES OBLIGATIONS. See ss.8.1(g).

FUND. Any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES OR GAAP. When used in general, Generally Accepted Accounting Principles means principles that are consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, in effect for the fiscal year ended on the Balance Sheet Date, as shall be concurred in by independent certified public accountants of recognized standing whose report expresses an unqualified opinion (other than a qualification regarding changes in Generally Accepted Accounting Principles) as to financial statements in which such principles have been applied; and when used with reference to the Borrowers, such principles shall include (to the extent consistent with such principles) the accounting practices reflected in the consolidated financial statements for the year ended on the Balance Sheet Date.

GREENFIBER. U.S. GreenFiber LLC, a Delaware limited liability company in which U.S. Fiber owns a 50% equity interest and through which the Cellulose Joint Venture is conducted.

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GUARANTEED PENSION PLAN. Any employee pension benefit plan within the meaning of ss.3(2) of ERISA maintained or contributed to by any Borrower or any ERISA Affiliate the benefits of which are guaranteed on termination in full or in part by the PBGC pursuant to Title IV of ERISA, other than a Multiemployer Plan.

HAZARDOUS SUBSTANCES. Any hazardous waste, as defined by 42 U.S.C.ss.6903(5), any hazardous substances as defined by 42 U.S.C.ss.9601(14), any pollutant or contaminant as defined by 42 U.S.C.ss.9601(33) and any waste, hazardous waste, dangerous goods, contaminants, pollutants, toxic substance, oil or hazardous materials or other chemicals or substances regulated by any Environmental Laws.

INDEBTEDNESS. As to any Person and whether recourse is secured by or is otherwise available against all or only a portion of the assets of such Person and whether or not contingent, but without duplication:

- (a) every obligation of such Person for money borrowed,
- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments, including obligations incurred in connection with the acquisition of property, assets or businesses,
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such Person,
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (including securities repurchase agreements but excluding (x) trade accounts payable or accrued liabilities arising in the ordinary course of business which are not overdue in accordance with their terms or the Borrowers' normal or ordinary business practices or which are being contested in good faith and (y) contingent royalty payments made in connection with the purchase or operation of landfills and other types of disposal facilities),
- (e) every obligation of such Person under any Capitalized Lease,
- (f) every obligation of such Person under any Synthetic Lease,
- (g) all sales by such Person of (i) accounts or general intangibles for money due or to become due, (ii) chattel paper, instruments or documents creating or evidencing a right to payment of money or (iii) other receivables (collectively "RECEIVABLES"), whether pursuant to a purchase facility or otherwise, other than in connection with the disposition of the business operations of such Person relating thereto or a disposition of defaulted receivables for collection and not as a financing arrangement, and together with any obligation of such Person to pay any discount, interest, fees, indemnities, penalties, recourse, expenses or other amounts

in connection therewith,

(h) every obligation of such Person (an "EQUITY RELATED PURCHASE OBLIGATION") to purchase, redeem, retire or otherwise acquire for value any shares of capital stock of any class issued by such Person, any warrants, options or other rights to acquire any such shares, or any rights measured by the value of such shares, warrants, options or other rights,

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(i) every obligation of such Person under any forward contract, futures contract, swap, option or other financing agreement or arrangement (including, without limitation, caps, floors, collars and similar agreements), the value of which is dependent upon interest rates, currency exchange rates, commodities or other indices (a "DERIVATIVE CONTRACT"),

(j) every obligation in respect of Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent that such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent that the terms of such Indebtedness provide that such Person is not liable therefor and such terms are enforceable under applicable law,

(k) every obligation, contingent or otherwise, of such Person guaranteeing, or having the economic effect of guarantying or otherwise acting as surety for, any obligation of a type described in any of clauses (a) through (j) (the "primary obligation") of another Person (the "PRIMARY OBLIGOR"), in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person (i) to purchase or pay (or advance or supply funds for the purchase of) any security for the payment of such primary obligation, (ii) to purchase property, securities or services for the purpose of assuring the payment of such primary obligation, or (iii) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such primary obligation.

The "amount" or "principal amount" of any Indebtedness at any time of determination represented by (t) any Indebtedness, issued at a price that is less than the principal amount at maturity thereof, shall be the amount of the liability in respect thereof determined in accordance with GAAP, (u) any Capitalized Lease shall be the principal component of the aggregate of the rentals obligation under such Capitalized Lease payable over the term thereof that is not subject to termination by the lessee, (v) any sale of receivables shall be the amount of unrecovered capital or principal investment of the purchaser (other than the Borrower or any of its wholly-owned Subsidiaries) thereof, excluding amounts representative of yield or interest earned on such investment, (w) any Synthetic Lease shall be the stipulated loss value, termination value or other equivalent amount, (x) any derivative contract shall be the maximum amount of any termination or loss payment required to be paid by such Person if such derivative contract were, at the time of determination, to be terminated by reason of any event of default or early termination event thereunder, whether or not such event of default or early termination event has in fact occurred, (y) any equity related purchase obligation shall be the maximum fixed redemption or purchase price thereof that is payable upon a mandatory redemption or purchase of such equity inclusive of any accrued and unpaid dividends to be comprised in such redemption or purchase price and (z) any guaranty or other contingent liability referred to in clause (k) shall be an amount equal to the stated or determinable amount of the primary obligation in respect of which such guaranty or other contingent obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith based upon the principles set forth in this paragraph.

INDENTURE. The Indenture dated as of January 24, 2003 among the Parent, certain of its Subsidiaries as guarantors and U.S. Bank National Association as trustee, with respect to the Senior Subordinated Notes.

INSURANCE SUBSIDIARY. Casella Insurance Company, a Vermont corporation and a wholly-owned Subsidiary of the Parent.

INTEREST PAYMENT DATE. (a) As to any Base Rate Loan, the last Business Day of each calendar quarter with respect to interest accrued during such calendar quarter, including, without limitation, the calendar quarter which includes the Drawdown Date of such Base Rate Loan; and (b) as to any Eurodollar Rate Loan in respect of which the Interest Period is (i) 3 months or less, the last day of such Interest Period and (ii) more than 3 months, the date that is 3 months from the first day of such Interest Period and, in addition, the last day of such Interest Period.

INTEREST PERIOD. With respect to each Revolving Credit Loan or all or any relevant portion of the Term Loan, (a) initially, the period commencing on the Drawdown Date of such Loan and ending on the last day of one of the periods set forth below, as selected by the Borrowers in a Loan and Letter of Credit Request or as otherwise required by the terms of this Credit Agreement (i) for any Base Rate Loan, the last day of the calendar quarter; and (ii) for any Eurodollar Rate Loan, 1, 2, 3, or 6 months; and (b) thereafter, each period commencing on the last day of the next preceding applicable Interest Period, and ending on the last day of one of the periods set forth above in clause (i) or (ii), as selected by the Borrowers in a Conversion Request or as otherwise required pursuant to the provisions of this Credit Agreement; PROVIDED that the foregoing provisions relating to Interest Periods are subject to the following:

(A) if any Interest Period with respect to any Eurodollar Rate Loan would otherwise end on a day that is not a Eurodollar Business Day, that Interest Period shall be extended to the next succeeding Eurodollar Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Eurodollar Business Day;

(B) if the Borrowers shall fail to give notice as provided in ss.5.11, the Borrowers shall be deemed to have requested a conversion of the affected Eurodollar Rate Loan to a Base Rate Loan and the continuance of all Base Rate Loans as Base Rate Loans on the last day of the then current Interest Period with respect thereto;

(C) any Interest Period relating to any Eurodollar Rate Loan that begins on the last Eurodollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Eurodollar Business Day of a calendar month; and

(D) any Interest Period that would otherwise extend beyond the Revolving Credit Maturity Date (if comprising a Revolving Credit Loan) or the Term Loan Maturity Date (if comprising the Term Loan or a portion thereof) shall end on the Revolving Credit Maturity Date or (as the case may be) the Term Loan Maturity Date.

INVESTMENTS. All expenditures made and all liabilities incurred (contingently or otherwise) for the acquisition of stock or Indebtedness of, or the amount of loans, advances, capital contributions or transfers of property to, or in respect of any guarantees (or other commitments as described under Indebtedness), or obligations of, any Person. In determining the aggregate amount of Investments outstanding at any particular time: (a) the amount of any Investment represented by a guaranty shall be taken at not less than the principal amount of the obligations guaranteed and still outstanding; (b) there shall be included as an Investment all interest accrued with respect to Indebtedness constituting an Investment unless and until such interest is paid; (c) there shall be deducted in respect of each such Investment any amount received as a return of capital (but only by repurchase, redemption, retirement, repayment, liquidating dividend or liquidating distribution); (d) there shall not be deducted in respect of any Investment any

amounts received as earnings on such Investment, whether as dividends, interest or otherwise, except that accrued interest included as provided in the foregoing clause (b) may be deducted when paid; and (e) there shall not be deducted or (as the case may be) added from the aggregate amount of Investments any decrease or increase in the value thereof.

ISSUANCE FEE. See ss.5.1(b).

ISSUING LENDER. Fleet.

JOINDER AGREEMENT. See ss.7.19.

KTI. KTI, Inc., a New Jersey corporation and a wholly-owned Subsidiary of the Parent.

LENDER AFFILIATE. With respect to any Lender, (a) an affiliate of such Lender or (b) any Approved Fund.

LENDERS. The lending institutions listed on SCHEDULE 2 hereto and any other Person who becomes an assignee of any rights and obligations of a Lender or becomes a Lender pursuant to ss.19.

LETTERS OF CREDIT. See ss.3.1(a).

LETTER OF CREDIT APPLICATIONS. Letter of Credit Applications in such form as may be agreed upon by any Borrower and the Issuing Lender from time to time which are entered into pursuant to ss.3 hereof as such Letter of Credit Applications are amended, varied or supplemented from time to time.

LETTER OF CREDIT PARTICIPATION. See ss.3.1(b).

LETTER OF CREDIT PERCENTAGE. The percentage per annum equal to the margin above the Eurodollar Rate charged on Revolving Credit Loans that are Eurodollar Rate Loans, as in effect from time to time, as set forth in the column "Applicable Rate for Eurodollar Rate Loans" in the table set forth in the definition of "Applicable Rate" above.

LOAN AND LETTER OF CREDIT REQUEST. See ss.2.6.

LOAN DOCUMENTS. This Credit Agreement, the Notes, the Letter of Credit Applications, the Letters of Credit, the Security Documents, the Subordination Agreements, and any documents, instruments or agreements executed in connection with any of the foregoing, each as amended, modified, supplemented, or replaced from time to time.

LOANS. The Revolving Credit Loans, the Swing Line Loans and the Term Loan.

LOAN PERCENTAGE. With respect to each Lender as of a particular date, such Lender's portion of, and participating interests in, (calculated as a percentage) the sum of (a) the outstanding principal amount of the Revolving Credit Loans on such date, (b) the outstanding principal amount of the Term Loan on such date, (c) the outstanding principal amount of the Swing Line Loans on such date, (d) the Maximum Drawing Amount of Letters of Credit and any Unpaid Reimbursement Obligations outstanding on such date and, (e) with respect to the definition of Required Lenders and ss.15.3 only, the unused Commitments on such date.

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MATERIAL ACQUISITION. See ss.8.4.1(f).

MAXIMUM DRAWING AMOUNT. The maximum aggregate amount that beneficiaries may at any time draw under outstanding Letters of Credit, as such aggregate amount may be reduced from time to time pursuant to the terms of such Letters of Credit.

MOODY'S. Moody's Investors Services, Inc.

MULTIEMPLOYER PLAN. Any multiemployer plan within the meaning of ss.3(37) of ERISA maintained or contributed to by any Borrower or any ERISA Affiliate.

NET CASH PROCEEDS. With respect to (a) any sale of any assets of the Borrowers or the Excluded Subsidiaries, the gross consideration received by any of the Borrowers or any of the Excluded Subsidiaries (in cash) from such sale, net of commissions, direct sales costs, normal closing adjustments, the amount used to repay any Indebtedness secured by such assets, income taxes attributable to such sale and professional fees and expenses incurred directly in connection

therewith, to the extent the foregoing are actually paid in connection with such sale and (b) any permitted debt offering of the Borrowers or the Excluded Subsidiaries, the gross consideration received by any of the Borrowers or any of the Excluded Subsidiaries (in cash) from such debt offering, net of reasonable and customary transaction expenses and fees actually incurred in connection with such debt offering.

NET EQUITY PROCEEDS. With respect to any Equity Offering, the excess of the gross cash proceeds received by such Person from such Equity Offering after deduction of reasonable and customary transaction expenses (including without limitation, underwriting discounts and commissions and reasonable legal fees) actually incurred in connection with such Equity Offering.

NET WORKING CAPITAL CHANGES. With respect to the Parent and its Subsidiaries, for any fiscal period and without duplication, the difference (expressed as a positive or a negative number) of (a) the sum of (i) billed accounts receivable, PLUS (ii) inventory and other current assets considered part of working capital in accordance with GAAP, MINUS (iii) current accounts payable, MINUS (iv) current accruals and accretions (exclusive of interest accruals and accretions), in each case, as of the last day of such fiscal period, MINUS (b) the sum of (i) billed accounts receivable, PLUS, (ii) inventory and other current assets considered part of working capital in accordance with GAAP, MINUS (iii) current accounts payable, MINUS (iv) current accruals and accretions (exclusive of interest accruals and accretions), in each case, as of the last day of immediately preceding fiscal period.

NEW HEIGHTS. New Heights Investor Co., LLC, a Delaware limited liability company in which Casella NH Power Co., LLC owns 100% of the Class B common stock and Casella NH Investors Co., LLC owns 19.9% of the Class A common stock, and each of its direct and indirect Subsidiaries.

NEW HEIGHTS INVESTMENT. The Investments made by the Borrowers in New Heights.

NEW SUBSIDIARY. A Subsidiary acquired or formed by any Borrower or any of its Subsidiaries during the period reported in the most recent financial statements delivered to the Lenders pursuant to ss.7.4.

NONRENEWAL NOTICE DATE. See ss.3.1(f).

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NON-U.S. LENDER. See ss.5.2(c).

NOTES. Collectively, the Revolving Credit Notes, the Term Notes, and the Swing Line Note.

OBLIGATIONS. All Indebtedness, obligations and liabilities of the Borrowers to any of the Lenders, the Agents, and the Issuing Lender, individually or collectively, existing on the date of this Credit Agreement or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, in each case arising or incurred under this Credit Agreement or any of the other Loan Documents or in respect of any of the Loans made or Reimbursement Obligations incurred or the Letters of Credit, the Notes, Swap Contracts, Fuel Derivatives Obligations and similar agreements or arrangements provided by any of the Lenders or any other instrument at any time evidencing any thereof.

PARENT. See Preamble.

PARTICIPANT. See ss.19(b).

PBGC. The Pension Benefit Guaranty Corporation created byss.4002 of ERISA and any successor entity or entities having similar responsibilities.

PERFORMANCE BONDS. See ss.8.1(d).

PERFORMANCE L/C. A Letter of Credit which is not a Financial L/C.

PERFORMANCE L/C FEE. See ss.5.1(b).

PERMITTED ACQUISITION. See ss.8.4.1.

PERMITTED LIENS. See ss.8.2.

PERSON. Any individual, corporation, limited liability company, partnership, limited liability partnership, trust, unincorporated association, business, or other legal entity, and any government or any governmental agency or political subdivision thereof.

PLEDGE AGREEMENT. The Pledge Agreement, dated as of the Effective Date, among certain of the Borrowers and the Administrative Agent.

POST-CLOSING INCREASE. See ss.19(g).

PRICING RATIO. At the end of any fiscal quarter of the Borrowers, the ratio of (a) Consolidated Total Funded Debt as of the end of such fiscal quarter to (b) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters then ended, as properly calculated on the Compliance Certificate delivered by the Borrowers pursuant to ss.7.4(c).

REAL PROPERTY. All real property heretofore, now, or hereafter owned or leased by the Borrowers.

RECOVERY TECHNOLOGY GROUP. RTG Holdings Corporation, a corporation, in which Casella RTG Investors Co., LLC owns a 19.9% equity interest, and each of its direct and indirect Subsidiaries.

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REIMBURSEMENT OBLIGATIONS. The Borrowers' joint and several obligations to reimburse the Issuing Lender and the Revolving Credit Lenders on account of any drawing under any Letter of Credit as provided in ss.3.2.

RELEASE. Shall mean the broader of (i) the meaning specified for the term "Release" (or "Released") in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. ss.ss.9601 ET SEQ. ("CERCLA") and (ii) the meaning specified for the term "DISPOSAL" (or "DISPOSED") in the Resource Conservation and Recovery Act of 1976, 42 U.S.C. ss.ss.6901 ET SEQ. ("RCRA") and regulations promulgated thereunder; provided, that in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply as of the effective date of such amendment and provided further, to the extent that the laws of a state or province (or the federal laws of Canada applicable therein) wherein the property lies establishes a meaning for "Release" or "Disposal" or any analogous term which is broader than specified in either CERCLA or RCRA, such broader meaning shall apply.

REQUIRED LENDERS. As of any date, the Lenders whose aggregate percentages constitute at least fifty-one percent (51%) of the Loan Percentages, PROVIDED that for purposes of this definition "Lender" shall not include any Delinquent Lender.

RESTRICTED PAYMENT. In relation to the Borrowers and the Excluded Subsidiaries, any (a) Distribution, (b) payment or prepayment by any Borrower or any Subsidiary to (i) such Borrowers' or such Subsidiaries shareholders (or other equity holders), in each case, other than to another Borrower, or (ii) to any Affiliate of such Borrower or such Subsidiary or any Affiliate of such Borrower's or such Subsidiary's shareholders (or other equity holders), in each case, other than to another Borrower or (c) derivatives or other transactions with any financial institution, commodities or stock exchange or clearinghouse (a "DERIVATIVES COUNTERPARTY") obligating such Borrower or such Subsidiary to make payments to such Derivatives Counterparty as a result of any change in market value of any capital stock of such Borrower or such Subsidiary.

REVOLVING CREDIT LENDERS. The Lenders set forth on SCHEDULE 2 as Revolving Credit Lenders, acting in their role as makers of Revolving Credit Loans or as participants with respect to Letters of Credit.

REVOLVING CREDIT LOANS. Revolving Credit Loans made or to be made by the Revolving Credit Lenders to the Borrowers pursuant to ss.2.

REVOLVING CREDIT MATURITY DATE. January 24, 2008; PROVIDED that, if, on or

before May 1, 2007, the Parent has not either (i) converted a portion of the shares of Series A Preferred Stock into shares of common stock of the Parent so that no more than \$20,000,000 in principal amount of Series A Preferred Stock remains outstanding or (ii) duly effected an amendment, in form and substance satisfactory to the Administrative Agent, to the Series A Certificate, extending the mandatory redemption date of the Series A Preferred Stock to April 24, 2010 or later (with all other terms of the Series A Preferred Stock remaining substantially the same), in either case of clause (i) or clause (ii), as evidenced in a written statement certified by an authorized financial officer of the Parent and delivered to the Agents and the Lenders, then the Revolving Credit Maturity Date shall be May 11, 2007.

SECURITY AGREEMENT. The Second Amended and Restated Security Agreement, dated as of the Effective Date, among the Borrowers and the Administrative Agent.

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SECURITY DOCUMENTS. The Security Agreement, the Pledge Agreement each as amended and in effect from time to time, and any additional documents evidencing or perfecting the Administrative Agent's lien on the assets of the applicable Borrowers for the benefit of the applicable Lenders (including Uniform Commercial Code financing statements).

SELLER SUBORDINATED DEBT. Indebtedness of the Borrowers (other than the Senior Subordinated Debt) which has been subordinated and made junior to the payment and performance in full in cash of the Obligations, and evidenced as such by a subordination agreement containing subordination provisions substantially in the form of EXHIBIT E (the "SUBORDINATION AGREEMENT") hereto; PROVIDED that (a) at the time such Seller Subordinated Debt is incurred, no Default or Event of Default has occurred or would occur as a result of such incurrence, and (b) the documentation evidencing such Seller Subordinated Debt shall have been delivered to the Administrative Agent and shall contain ALL of the following characteristics: (i) it shall be unsecured, (ii) it shall bear interest at a rate not to exceed the market rate, (iii) it shall have a final maturity of at least three (3) years, (iv) it shall not require unscheduled principal repayments thereof prior to the maturity date of such debt, (v) if it has any covenants, such covenants (including covenants relating to incurrence of indebtedness) shall be meaningfully less restrictive than those set forth herein, (vi) it shall have no restrictions on the Borrower's ability to grant liens securing indebtedness ranking senior to such Seller Subordinated Debt, (vii) it shall permit the incurrence of senior indebtedness under this Credit Agreement, (viii) it may be cross-accelerated with the Obligations and other senior indebtedness of the Borrowers (but shall not be cross-defaulted except for payment defaults which the senior lenders have not waived) and may be accelerated upon bankruptcy, (ix) it shall provide for the complete, automatic and unconditional release of any and all guarantees of such Seller Subordinated Debt granted by any Borrower in the event of the sale by any Person of such Borrower or the sale by any Person of all or substantially all of such Borrower's assets (including in the case of a foreclosure), (x) it shall provide that (A) upon any payment or distribution of the assets of the Borrowers (including after the commencement of a bankruptcy proceeding) of any kind or character, all of the Obligations (including interest accruing after the commencement of any bankruptcy proceeding at the rate specified for the applicable Obligation, whether or not such interest is an allowable claim in any such proceeding) shall be paid in full in cash prior to any payment being received by the holders of the Seller Subordinated Debt and (B) until all of the Obligations (including the interest described in subclause (A) above) are paid in full in cash, any payment or distribution to which the holders of the Seller Subordinated Debt would be entitled but for the subordination provisions of the type described in clauses (xi) and (xii) hereof shall be made to the holders of the Obligations, (xi) it shall provide that in the event of a payment default under ss.13.1(a) or (b) hereof, the Borrowers shall not be required to pay the principal of, or any interest, fees and all other amounts payable with respect to the Seller Subordinated Debt until the Obligations have been paid in full in cash, (xii) it shall provide that in the event of any other Event of Default, the Lenders shall be permitted to block with respect to the Seller Subordinated Debt for a period of 180 days (A) payments of principal, interest, fees and all other amounts payable, and (B) enforcement of remedies for Seller Subordinated Debt in excess of \$1,000,000, and (xiii) it shall acknowledge that none of the provisions outlined in part (b) of this definition can be amended, modified or otherwise altered without the prior written consent of the Required Lenders.

SENIOR SUBORDINATED DEBT. The senior subordinated Indebtedness of the Borrowers evidenced by the Senior Subordinated Debt Documents in the original principal amount of at least \$150,000,000.

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SENIOR SUBORDINATED DEBT DOCUMENTS. The Indenture, the Senior Subordinated Notes and all other documents, instruments and agreements entered into or executed in connection therewith, in each case, subject to terms and conditions satisfactory to the Administrative Agent.

SENIOR SUBORDINATED NOTES. The 9.75% Senior Subordinated Notes due 2013 issued by the Parent pursuant to the Indenture.

SERIES A CERTIFICATE. That certain Certificate of Designation of Series A Convertible Preferred Stock, dated as of August 8, 2000, which sets forth the rights and obligations of the Series A Holders and the Parent with respect to the Series A Preferred Stock.

SERIES A HOLDERS. The holders of the Series A Preferred Stock listed on Schedule 6.20(a) hereto.

SERIES A PREFERRED STOCK. The Series A Preferred Stock issued by the Parent to the Series A Holders pursuant to the Series A Certificate in an aggregate principal amount not to exceed \$55,750,000 plus dividends as provided for in the Series A Certificate.

SETTLEMENT. With respect to Swing Line Loans, the making or receiving of payments, in immediately available funds, by the Revolving Credit Lenders to or from the Administrative Agent in accordance with ss.2.8 hereof to the extent necessary to cause each such Lender's actual share of the outstanding amount of the Revolving Credit Loans to be equal to such Lender's Commitment Percentage of the outstanding amount of such Revolving Credit Loans, in any case when, prior to such action, the actual share is not so equal.

SETTLEMENT AMOUNT. See ss.2.8(b).

SETTLEMENT DATE. See ss.2.8(b).

SETTLING LENDER. See ss.2.8(b).

S&P. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

SPECIFIED ENTITIES. (a) K-C International, Ltd., (b) the brokerage business of KTI Recycling of New England, Inc., (c) the brokerage business of Pine Tree Waste, Inc., (d) Greenfiber, (e) KTI New Jersey Fibers, Inc., (f) Atlantic Coast Fibers, Inc., (g) Casella NH Investors Co., LLC, (h) Casella NH Power Co., LLC, (i) Casella RTG Investors Co., LLC and the Recovery Technology Group and (j) the companies and assets comprising the FCR operating segment, or the successors of any of the foregoing only with respect to the businesses conducted by the foregoing on the Effective Date.

SPOT RATE. With respect to any "first currency" (as defined in ss.5.10), at any date of determination thereof, the spot rate of exchange in London that appears on the display page applicable to such first currency on the Reuters System (or such other page as may replace such page on such service for the purpose of displaying the spot rate of exchange in London) for the conversion of such first currency into the "second currency" (as defined in ss.5.10); PROVIDED, HOWEVER, that if there shall at any time no longer exist such a page on such service, the Spot Rate shall be determined by reference to another similar rate publishing service selected by the Administrative Agent.

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SUBSIDIARY. Any corporation, limited liability company, partnership, association, trust, or other business entity of which the designated parent shall at any time own directly or indirectly through a Subsidiary or

Subsidiaries at least a majority of the outstanding Capital Stock or other interest entitled to vote generally.

SUBORDINATED DEBT. Collectively, the Senior Subordinated Debt and the Seller Subordinated Debt.

SUBORDINATION AGREEMENTS. See definition of "SELLER SUBORDINATED DEBT".

SWAP CONTRACTS. Any agreement (including any master agreement and any agreement, whether or not in writing, relating to any single transaction) that is an interest rate swap agreement, basis swap, forward rate agreement, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, forward foreign exchange agreement, rate cap, collar or floor agreement, currency swap agreement, cross-currency rate swap agreement, swaption, currency option or other similar agreement (including any option to enter into any of the foregoing).

SWING LINE LOANS. See ss.2.8(a).

SWING LINE NOTE. See ss.2.8(a).

SYNTHETIC LEASE. Any lease of goods or other property, whether real or personal, which is treated as an operating lease under GAAP and as a loan or financing for U.S. income tax purposes.

TERM LOAN. The term loan made or to be made by the Term Loan Lenders to the Borrowers pursuant to ss.4 in the original principal amount of \$150,000,000, as the same may be increased pursuant to ss.19(g) or reduced or reallocated from time to time pursuant to the provisions hereof.

TERM LOAN LENDERS. The Lenders holding a portion of the Term Loan as set forth on SCHEDULE 2 hereto together with any other Person who becomes an assignee of any rights and obligations of a Term Loan Lender pursuant to ss.19.

TERM LOAN MATURITY DATE. January 24, 2010; PROVIDED that, if, on or before May 1, 2007, the Parent has not either (i) converted a portion of the shares of Series A Preferred Stock into shares of common stock of the Parent so that no more than \$20,000,000 in principal amount of Series A Preferred Stock remains outstanding or (ii) duly effected an amendment, in form and substance satisfactory to the Administrative Agent, to the Series A Certificate, extending the mandatory redemption date of the Series A Preferred Stock to April 24, 2010 or later (with all other terms of the Series A Preferred Stock remaining substantially the same), in either case of clause (i) or clause (ii), as evidenced in a written statement certified by an authorized financial officer of the Parent and delivered to the Agents and the Lenders, then the Term Loan Maturity Date shall be May 11, 2007.

TERM LOAN PERCENTAGE. With respect to each Term Loan Lender, the percentage set forth on SCHEDULE 2 (subject to adjustment in accordance with ss.19 hereof) as such Lender's percentage of the Term Loan.

TERM NOTES. See ss.4.2.

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TERM NOTE RECORD. A record with respect to a Term Note.

TOTAL COMMITMENT. The sum of the Commitments of the Lenders, as in effect from time to time, which amount shall initially equal \$175,000,000, as such amount may be reduced or increased pursuant to the terms hereof.

TYPE. As to any Loan, its nature as a Base Rate Loan or a Eurodollar Rate Loan.

UNPAID REIMBURSEMENT OBLIGATION. Any Reimbursement Obligation for which the Borrowers have not reimbursed the Issuing Lender and the Lenders on the date specified in, and in accordance with, ss.3.2, which has not been automatically converted into a Revolving Credit Loan pursuant to such section.

U.S. FIBER. U.S. Fiber, Inc., a North Carolina corporation.

SS.1.2. RULES OF INTERPRETATION.

(a) A reference to any document or agreement shall include such document or agreement as amended, modified or supplemented from time to time in accordance with its terms and the terms of this Credit Agreement.

(b) The singular includes the plural and the plural includes the singular.

(c) A reference to any law includes any amendment or modification to such law.

(d) A reference to any Person includes its permitted successors and permitted assigns.

(e) Accounting terms not otherwise defined herein have the meanings assigned to them by GAAP applied on a consistent basis by the accounting entity to which they refer.

(f) The words "include", "includes" and "including" are not limiting.

(g) All terms not specifically defined herein or by GAAP, which terms are defined in the Uniform Commercial Code as in effect in the Commonwealth of Massachusetts have the meanings assigned to them therein, with the term "INSTRUMENT" being that defined under Article 9 of the Uniform Commercial Code.

(h) Reference to a particular "ss." refers to that section of this Credit Agreement unless otherwise indicated.

(i) The words "herein", "hereof", "hereunder" and words of like import shall refer to this Credit Agreement as a whole and not to any particular section or subdivision of this Credit Agreement.

(j) Unless otherwise expressly indicated, in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including," the words "to" and "until" each mean "to but excluding," and the word "through" means "to and including."

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(k) This Credit Agreement and the other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are, however, cumulative and are to be performed in accordance with the terms thereof.

(l) This Credit Agreement and the other Loan Documents are the result of negotiation among, and have been reviewed by counsel to, among others, the Agents and the Borrower and are the product of discussions and negotiations among all parties. Accordingly, this Credit Agreement and the other Loan Documents are not intended to be construed against the Agents or any of the Lenders merely on account of either Agent's or any Lender's involvement in the preparation of such documents.

SS.2. THE REVOLVING CREDIT LOANS.

SS.2.1. COMMITMENT TO LEND. Subject to the terms and conditions set forth in this Credit Agreement, each of the Revolving Credit Lenders severally agrees to lend to the Borrowers, and the Borrowers may borrow, repay, and reborrow from time to time between the Effective Date and the Revolving Credit Maturity Date, upon notice to the Administrative Agent given in accordance with ss.2.6, such Lender's Commitment Percentage of such sums as are requested by the Borrowers in the minimum aggregate amount of \$500,000 or an integral multiple thereof; PROVIDED that, except as otherwise provided herein, the sum of the outstanding amount of Revolving Credit Loans (including the Swing Line Loans and after giving effect to all amounts requested) PLUS the Maximum Drawing Amount and all Unpaid Reimbursement Obligations shall not at any time exceed the Total Commitment. Revolving Credit Loans made hereunder shall be made PRO RATA in accordance with each Revolving Credit Lender's Commitment Percentage. Each request for a Loan or Letter of Credit hereunder shall constitute a representation and warranty by the Borrowers that the conditions set forth in ss.10 and ss.11, as the case may BE, have been satisfied on the date of such request.

SS.2.2. REDUCTION OF TOTAL COMMITMENT. The Borrowers shall have the right at any time and from time to time upon five (5) Business Days' prior written notice to the Administrative Agent to reduce by \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof or terminate entirely the Total Commitment, whereupon the Commitments of the Revolving Credit Lenders shall be reduced PRO RATA in accordance with their respective Commitment Percentages of the amount specified in such notice or, as the case may be, terminated; PROVIDED that at no time may the Total Commitment be reduced to an amount less than the sum of (a) the Maximum Drawing Amount and all Unpaid Reimbursement Obligations PLUS (b) all Revolving Credit Loans (including Swing Line Loans) then outstanding. No reduction or termination of the Total Commitment once made may be revoked; the portion of the Total Commitment reduced or terminated may not be reinstated; and amounts in respect of such reduced or terminated portion may not be reborrowed. The Administrative Agent will notify the Revolving Credit Lenders promptly after receiving any notice of the Borrowers delivered pursuant to this ss.2.2. and will distribute to each such Lender a revised schedule of Commitments and Commitment Percentages.

SS.2.3. THE REVOLVING CREDIT NOTES. The Revolving Credit Loans shall be evidenced by promissory notes of the Borrowers in substantially the form of EXHIBIT A-1 hereto (each a "REVOLVING CREDIT Note"), dated as of the Effective Date (or such later date as a Revolving Credit Lender becomes a party hereto pursuant to ss.19) and completed with appropriate insertions. One Revolving Credit Note shall be payable to the order of each Revolving Credit

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Lender in a principal amount equal to such Revolving Credit Lender's Commitment or, if less, the outstanding amount of all Revolving Credit Loans made by such Revolving Credit Lender, plus interest accrued thereon, as set forth below. The Borrowers irrevocably authorize the Revolving Credit Lenders to make, or cause to be made, in connection with a Drawdown Date of any Revolving Credit Loan at the time of receipt of any payment of principal on any such Revolving Credit Note, an appropriate notation on such Lender's records or on the schedule attached to such Lender's Revolving Credit Note or a continuation of such schedule attached thereto reflecting the making of such Loan, or the receipt of such payment (as the case may be) and may, prior to any transfer of its Revolving Credit Note, endorse on the reverse side thereof the outstanding principal amount of such Revolving Credit Loans evidenced thereby. The outstanding amount of the Revolving Credit Loans set forth on such Lender's record shall be PRIMA FACIE evidence of the principal amount thereof owing and unpaid to such Lender, but the failure to record, or any error in so recording, any such amount shall not limit or otherwise affect the obligations of the applicable Borrowers hereunder or under such Revolving Credit Notes to make payments of principal of or interest on any such Revolving Credit Notes when due.

SS.2.4. INTEREST ON REVOLVING CREDIT LOANS; MATURITY OF THE REVOLVING CREDIT LOANS.

(a) The Borrowers jointly and severally promise to pay interest on each Revolving Credit Loan in arrears on each Interest Payment Date with respect thereto at the following rates, except as otherwise provided in ss.5.6:

- (i) Each Revolving Credit Loan which is a Base Rate Loan shall bear interest for the period commencing with the Drawdown Date thereof and ending on the last day of the Interest Period with respect thereto at the Applicable Rate for Revolving Credit Loans that are Base Rate Loans as in effect from time to time.
- (ii) Each Revolving Credit Loan which is a Eurodollar Rate Loan shall bear interest for the period commencing with the Drawdown Date thereof and ending on the last day of the Interest Period with respect thereto at the Applicable Rate for Revolving Credit Loans that are Eurodollar Rate Loans as in effect from time to time.

(b) The Borrowers jointly and severally promise to pay on the Revolving Credit Maturity Date all Revolving Credit Loans outstanding, Unpaid Reimbursement Obligations with respect to Letters of Credit and any and all unpaid interest accrued thereon. The Revolving Credit Loans shall become absolutely due and payable on the Revolving Credit Maturity Date, as set

forth above.

SS.2.5. MANDATORY REPAYMENTS OF THE REVOLVING CREDIT LOANS. If at any time the sum of the outstanding amount of the Revolving Credit Loans (including Swing Line Loans) PLUS the Maximum Drawing Amount and any Unpaid Reimbursement Obligations exceeds the Total Commitment, whether by reduction of the Total Commitment or otherwise, then the Borrowers, jointly and severally, shall immediately pay the amount of such excess to the Administrative Agent for application: FIRST, to any Unpaid Reimbursement Obligations; SECOND, to the Revolving Credit Loans; and THIRD, to provide to the Administrative Agent cash collateral for Reimbursement Obligations as contemplated by ss.3.2(b) and (c); PROVIDED, HOWEVER, that if the amount of cash collateral held by the Administrative Agent pursuant to this ss.2.5 exceeds the amount required to be cash collateralized from time to time, the Administrative Agent shall return

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such excess to the Borrowers. Each payment of Unpaid Reimbursement Obligations or prepayment of Revolving Credit Loans shall be allocated among the Lenders, in proportion, as nearly as practicable, to each Unpaid Reimbursement Obligation or (as the case may be) the respective unpaid principal amount of each Lender's Revolving Credit Note, with adjustments to the extent practicable to equalize any prior payments or repayments not exactly in proportion.

SS.2.6. REQUESTS FOR REVOLVING CREDIT LOANS. The Borrowers shall give to the Administrative Agent written notice in the form of EXHIBIT B hereto (or telephonic notice confirmed by telecopy on the same Business Day in the form of EXHIBIT B hereto) of each Revolving Credit Loan requested hereunder (a "LOAN AND LETTER OF CREDIT REQUEST") not later than 11:00 a.m. Boston time (a) no less than one (1) Business Day prior to the proposed Drawdown Date of any Base Rate Loan and (b) no less than three (3) Eurodollar Business Days prior to the proposed Drawdown Date of any Eurodollar Rate Loan. Each such notice shall specify (i) the amount of such Revolving Credit Loan, (ii) the proposed Drawdown Date of such Revolving Credit Loan, (iii) the Type of such Revolving Credit Loan, (iv) the Interest Period for such Revolving Credit Loan (if a Eurodollar Rate Loan), and (v) the aggregate outstanding amount of all Revolving Credit Loans (including Swing Line Loans) after giving affect to all amounts requested and the aggregate Maximum Drawing Amount of all outstanding Letters of Credit. Each Revolving Credit Loan requested shall be in a minimum amount of \$5,000,000, or in \$1,000,000 additional increments thereof. Revolving Credit Loan requests made hereunder shall be irrevocable and binding on the Borrowers, and shall obligate the Borrowers to accept the Revolving Credit Loan requested from the Revolving Credit Lenders on the proposed Drawdown Date.

SS.2.7. FUNDS FOR REVOLVING CREDIT LOANS.

(a) Not later than 2:00 p.m. (Boston time) on the proposed Drawdown Date of any Revolving Credit Loan, each of the Revolving Credit Lenders will make available to the Administrative Agent, at the Administrative Agent's Office, in immediately available funds, the amount of such Lender's Commitment Percentage of the amount of the requested Revolving Credit Loans. Upon receipt from each Lender of such amount, and upon receipt of the documents required by ss.ss.10 and 11 and the satisfaction Of the other conditions set forth therein, to the extent applicable, the Administrative Agent will make available to the Borrowers in immediately available funds the aggregate amount of such Revolving Credit Loans made available to the Administrative Agent by the Revolving Credit Lenders. The failure or refusal of any Revolving Credit Lender to make available to the Administrative Agent at the aforesaid time and place on any Drawdown Date the amount of its Commitment Percentage of the requested Revolving Credit Loans shall not relieve any other Revolving Credit Lender from its several obligation hereunder to make available to the Administrative Agent the amount of such other Revolving Credit Lender's Commitment Percentage of any requested Revolving Credit Loan.

(b) The Administrative Agent may, unless notified to the contrary by any Revolving Credit Lender prior to a Drawdown Date, assume that such Lender has made available to the Administrative Agent on such Drawdown Date the amount of such Lender's Commitment Percentage of the Revolving Credit Loans to be made on such Drawdown Date, and the Administrative Agent may (but shall not be required to), in reliance upon such assumption, make available to the Borrowers a corresponding amount. If any Revolving Credit

Lender makes available to the Administrative Agent such amount on a date after such Drawdown Date, such Lender shall pay to the Administrative Agent on demand an amount equal to the product of (i) the average computed for the period referred to in clause (iii) below, of the weighted average interest rate paid by the Administrative

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Agent for federal funds acquired by the Administrative Agent during each day included in such period, TIMES (ii) the amount of such Lender's Commitment Percentage of such Loans, TIMES (iii) a fraction, the numerator of which is the number of days that elapse from and including such Drawdown Date until the date on which the amount of such Lender's Commitment Percentage of such Loans shall become immediately available to the Administrative Agent and the denominator of which is 365. A statement of the Administrative Agent submitted to such Lender with respect to any amounts owing under this paragraph shall be PRIMA FACIE evidence, absent manifest error, of the amount due and owing to the Administrative Agent by such Lender. If the amount of such Lender's Commitment Percentage of such Loans is not made available to the Administrative Agent by such Lender within three (3) Business Days following such Drawdown Date, the Administrative Agent shall be entitled to recover such amount from the Borrowers on demand, with interest thereon at the Applicable Rate for Revolving Credit Loans of the Type made on such Drawdown Date.

SS.2.8. SWING LINE LOANS; SETTLEMENTS.

(a) Solely for ease of administration of the Revolving Credit Loans, Fleet may, upon receipt of a Loan and Letter of Credit Request requesting a Swing Line Loan no later than 2:30 p.m. (Boston time) on the proposed date of funding, but shall not be required to, fund Base Rate Loans made in accordance with the provisions of this Credit Agreement (including, without limitation, satisfaction of the conditions set forth in ss.ss.10 and 11) for periods not to exceed seven (7) days in any one case, bearing interest at the rate set forth in ss.2.4(a)(i) for Revolving Credit Loans that are Base Rate Loans ("SWING LINE LOANS"). The Swing Line Loans shall be evidenced by a promissory note of the Borrowers in substantially the form of EXHIBIT A-2 hereto (the "SWING LINE NOTE") dated as of the Effective Date, and shall each be in a minimum amount of \$100,000 or greater, PROVIDED THAT the outstanding amount of Swing Line Loans advanced by Fleet hereunder shall not exceed \$10,000,000 at any time. Each Revolving Credit Lender shall remain severally and unconditionally liable to fund its PRO RATA share (based upon such Lender's Commitment Percentage) of such Swing Line Loans on each Settlement Date and, in the event Fleet chooses not to fund all Swing Line Rate Loans requested on any date, to fund its Commitment Percentage of the Swing Line Loans requested, subject to satisfaction of the provisions hereof (including, without limitation, satisfaction of the conditions set forth in ss.ss.10 and 11) relating to the making of SWING Line Loans. Prior to each Settlement, all payments or repayments of the principal of, and interest on, Swing Line Loans shall be credited to the account of Fleet.

(b) The Revolving Credit Lenders shall effect Settlements on (i) the Business Day immediately following any day which Fleet gives written notice to the Administrative Agent to effect a Settlement, (ii) the Business Day immediately following the Administrative Agent's becoming aware of the existence of any Default or Event of Default, (iii) the Revolving Credit Maturity Date, (iv) any date on which the Borrowers wish to convert a Swing Line Loan into a Eurodollar Rate Loan, and (v) in any event, the seventh day on which any Swing Line Loan remains outstanding (each such date, a "SETTLEMENT DATE"). One (1) Business Day prior to each such Settlement Date, the Administrative Agent shall give telephonic notice to the Revolving Credit Lenders of (A) the respective outstanding amount of Revolving Credit Loans made by each Revolving Credit Lender as at the close of business on the prior day, and (B) the amount that any

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Revolving Credit Lender, as applicable (a "SETTLING LENDER"), shall pay to

effect a Settlement (a "SETTLEMENT AMOUNT"). A statement of the Administrative Agent submitted to the Revolving Credit Lenders with respect to any amounts owing hereunder shall be PRIMA FACIE evidence of the amount due and owing. Each Settling Lender shall, not later than 1:00 p.m. (Boston time) on each Settlement Date, effect a wire transfer of immediately available funds to the Administrative Agent at the Administrative Agent's Office in the amount of such Lender's Settlement Amount. All funds advanced by any Revolving Credit Lender as a Settling Lender pursuant to this ss.2.8 shall for all purposes be treated as a Base Rate Loan to the Borrowers.

(c) The Administrative Agent may (unless notified to the contrary by any Settling Lender by 12:00 noon (Boston time) one (1) Business Day prior to the Settlement Date) assume that each Settling Lender has made available (or will make available by the time specified in ss.2.8(b)) to the Administrative Agent its Settlement Amount, and the Administrative Agent may (but shall not be required to), in reliance upon such assumption, effect Settlements. If the Settlement Amount of such Settling Lender is made available to the Administrative Agent on a date after such Settlement Date, such Settling Lender shall pay the Administrative Agent on demand an amount equal to the product of (i) the average, computed for the period referred to in clause (iii) below, of the weighted average annual interest rate paid by the Administrative Agent for federal funds acquired by the Administrative Agent during each day included in such period TIMES (ii) such Settlement Amount TIMES (iii) a fraction, the numerator of which is the number of days that elapse from and including such Settlement Date to but not including the date on which such Settlement Amount shall become immediately available to the Administrative Agent, and the denominator of which is 365. Upon payment of such amount such Settling Lender shall be deemed to have delivered its Settlement Amount on the Settlement Date and shall become entitled to interest payable by the Borrowers with respect to such Settling Lender's Settlement Amount as if such share were delivered on the Settlement Date. If such Settlement Amount is not in fact made available to the Administrative Agent by such Settling Lender within five (5) Business Days of such Settlement Date, the Administrative Agent shall be entitled to recover such amount from the Borrowers, with interest thereon at the Applicable Rate for Revolving Credit Loans that are Base Rate Loans.

(d) After any Settlement Date, any payment by the Borrowers of Swing Line Loans hereunder shall be allocated PRO RATA among the Revolving Credit Lenders, in accordance with such Lenders' Commitment Percentages.

(e) If, prior to the making of a Revolving Credit Loan pursuant to paragraph (b) of this ss.2.8, a Default or Event of Default has occurred and is continuing, each Revolving Credit Lender will, on the date such Revolving Credit Loan was to have been made, purchase an undivided participating interest in the outstanding Swing Line Loans in an amount equal to its Commitment Percentage of such Swing Line Loans. Each Revolving Credit Lender will immediately transfer to the Administrative Agent, in immediately available funds, the amount of its participation and upon receipt thereof the Administrative Agent will deliver to such Revolving Credit Lender a Swing Line participation certificate dated the date of receipt of such funds and in such amount.

(f) Whenever, at any time after the Administrative Agent has received from any Revolving Credit Lender such Lender's participating interest in the Swing Line Loans pursuant to clause (e) above, the Administrative Agent receives any payment on

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account thereof, the Administrative Agent will distribute to such Lender its participating interest in such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded) in like funds as received; PROVIDED, HOWEVER, that in the event that such payment received by the Administrative Agent is required to be returned, such Lender will return to the Administrative Agent any portion thereof previously distributed by the Administrative Agent to it in like funds as such payment is required to be returned by the Administrative Agent.

(g) Each Revolving Credit Lender's obligation to purchase participating

interests pursuant to clause (e) above shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Administrative Agent, the Borrowers or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or Event of Default; (iii) any adverse change in the condition (financial or otherwise) of the Borrowers or any other Person; (iv) any breach of this Credit Agreement by the Borrowers or any other Lender or the Administrative Agent; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

SS.2.9. OPTIONAL PREPAYMENTS OR REPAYMENTS OF REVOLVING CREDIT LOANS.

The Borrowers shall have the right, at their election, to repay or prepay the outstanding amount of the Revolving Credit Loans, as a whole or in part, at any time without penalty or premium; PROVIDED (a) each partial prepayment shall be in the principal amount of \$250,000 or an integral multiple thereof, and (b) that the full or partial prepayment of the outstanding amount of any Eurodollar Rate Loans pursuant to this ss.2.9, if made on a day other than the last day of the Interest Period relating thereto, shall be subject to the provisions of ss.5.12. The Borrowers shall give the Administrative Agent, no later than 11:00 a.m. (Boston time) (i) at least one (1) Business Days' prior written notice (or telephonic notice confirmed in writing) of such proposed prepayment or repayment pursuant to this ss.2.9 of Base Rate Loans and (ii) at least three (3) Eurodollar Business Days' prior written notice (or telephonic notice confirmed in writing) of any proposed prepayment or repayment pursuant to this ss.2.9 of Eurodollar Rate Loans, in each case, specifying the proposed date of prepayment or repayment of Revolving Credit Loans and the principal amount to be paid. Each such partial prepayment shall be applied, in the absence of instruction by the Borrowers, first to the principal of Base Rate Loans and then to the principal of Eurodollar Rate Loans. Payments received from the Borrowers shall be applied PRO RATA to each Revolving Credit Lender in respect of its outstanding Commitment.

SS.3. LETTERS OF CREDIT.

SS.3.1. LETTER OF CREDIT COMMITMENTS.

(a) Subject to the terms and conditions hereof and the execution and receipt of a Loan and Letter of Credit Request reflecting the Maximum Drawing Amount of all Letters of Credit (including the requested Letter of Credit) and a Letter of Credit Application, the Issuing Lender, on behalf of the Revolving Credit Lenders and in reliance upon the agreement of such Lenders set forth in ss.3.1(c) and upon the representations and warranties of the Borrowers contained herein, agrees to issue one or more standby letters of credit (individually, a "LETTER OF CREDIT"), in such form as may be requested from time to time by the Borrowers and agreed to by the Issuing Lender; PROVIDED, HOWEVER, that, after giving effect to such request, (i) the aggregate Maximum

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Drawing Amount of all Letters of Credit issued at any time under this ss.3.1(a) shall not exceed \$80,000,000 and (ii) the aggregate Maximum Drawing Amount of all Letters of Credit and all Unpaid Reimbursement Obligations PLUS the aggregate outstanding amount of Revolving Credit Loans PLUS the aggregate outstanding amount of Swing Line Loans shall not exceed the Total Commitment; and PROVIDED FURTHER that no Letter of Credit shall have an expiration date later than the earlier of (A) one year after the date of issuance of such Letter of Credit (subject to periodic extensions for periods not to exceed one year), or (B) thirty (30) days prior to the Revolving Credit Maturity Date.

(b) Each Revolving Credit Lender severally agrees that it shall be absolutely liable, without regard to the occurrence of any Default or Event of Default or any other condition precedent whatsoever, to the extent of such Lender's Commitment Percentage thereof, to reimburse the Issuing Lender on demand for the amount of each draft paid by the Issuing Lender under each applicable Letter of Credit to the extent that such amount is not reimbursed by the Borrowers pursuant to ss.3.2 (such agreement for a Lender being called herein the "LETTER OF CREDIT PARTICIPATION" of such Lender). The Issuing Lender shall not issue any Letter of Credit unless all

of the conditions precedent under ss.11 hereof have been satisfied.

(c) Each such payment made by a Lender shall be treated as the purchase by such Lender of a participating interest in the Borrowers' Reimbursement Obligation under ss.3.2 in an amount equal to such payment. Each Lender shall share in accordance with its participating interest in any interest which accrues pursuant to ss.3.2.

(d) All "Letters of Credit" (as defined in the Existing Credit Agreement) outstanding under the Existing Credit Agreement on the Effective Date shall become Letters of Credit hereunder. The Revolving Credit Lenders' participations in such Letters of Credit will be reallocated on the Effective Date in accordance with each such Lender's applicable Commitment Percentage hereunder.

(e) Each Letter of Credit so issued, extended or renewed shall be subject to either the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500 or any successor version thereto adopted by the Issuing Lender in the ordinary course of its business as a letter of credit issuer and in effect at the time of issuance of such Letter of Credit or the International Standby Practices (ISP98), International Chamber of Commerce Publication No. 590, or any successor code of standby letter of credit practices among banks adopted by the Issuing Lender in the ordinary course of its business as a standby letter of credit issuer and in effect at the time of issuance of such Letter of Credit.

(f) If any Borrower so requests in an application for a Letter of Credit, the Issuing Lender may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic renewal provisions (each, an "AUTO-RENEWAL LETTER OF CREDIT"); PROVIDED that any such Auto-Renewal Letter of Credit must permit the Issuing Lender to prevent any such renewal at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than ten (10) days prior to the renewal date (the "NONRENEWAL NOTICE DATE") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the Issuing Lender, the Borrowers shall not be required to make a specific request to the Issuing Lender for any such renewal. Once an Auto-Renewal Letter of Credit has been issued, the Lenders shall be deemed

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to have authorized (but may not require) the Issuing Lender to permit the renewal of such Letter of Credit at any time to an expiry date not later than thirty (30) days prior to the Revolving Credit Maturity Date; PROVIDED, however, that the Issuing Lender shall not permit any such renewal if (A) the Issuing Lender has determined that it would have no obligation at such time to issue such Letter of Credit in its renewed form under the terms hereof, or (B) it has received notice (which may be by telephone or in writing) on or before the day that is two (2) Business Days before the Nonrenewal Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such renewal or (2) from the Administrative Agent, any Lender or the Borrowers that one or more of the applicable conditions specified in ss.11 is not then satisfied.

SS.3.2. REIMBURSEMENT OBLIGATIONS OF THE BORROWERS. In order to induce the Issuing Lender to issue, extend and renew Letters of Credit and the Lenders to participate therein, the Borrowers hereby jointly and severally agree to reimburse or pay to the Issuing Lender with respect to each Letter of Credit issued, extended or renewed by the Issuing Lender hereunder as follows:

(a) if any draft presented under any Letter of Credit is honored by the Issuing Lender or the Issuing Lender otherwise makes payment with respect thereto, the sum of (i) the amount paid by the Issuing Lender under or with respect to such Letter of Credit PLUS (ii) the amount of any taxes, fees, charges or other costs and expenses whatsoever incurred by the Issuing Lender in connection with any payment made by the Issuing Lender under, or with respect to, such Letter of Credit, PROVIDED HOWEVER, if the Borrowers do not reimburse the Issuing Lender on the Drawdown Date, such amount shall, so long as no Event of Default under ss.ss.13.1(g) or 13.1(h) has occurred, become automatically a Revolving Credit Loan which is a Base Rate

Loan advanced hereunder in an amount equal to such sum;

(b) upon the reduction (but not termination) of the Total Commitment to an amount less than the Maximum Drawing Amount, an amount equal to such difference, which amount shall be held by the Administrative Agent for the benefit of the Lenders and the Administrative Agent as cash collateral for all Reimbursement Obligations of the Borrowers;

(c) upon the Revolving Credit Maturity Date, the termination of the Total Commitment or the acceleration of the Reimbursement Obligations with respect to all Letters of Credit in accordance with ss.13, an amount equal to the then Maximum Drawing Amount of all Letters of Credit shall be paid by the Borrowers to the Administrative Agent to be held as cash collateral for the Reimbursement Obligations of the Borrowers; and

(d) the Borrowers promise to pay on the Revolving Credit Maturity Date all Unpaid Reimbursement Obligations on such date relating to Letters of Credit. All such payments shall be made together with any and all accrued and unpaid interest thereon and any fees and other amounts owing hereunder.

Each such payment shall be made to the Administrative Agent at the Administrative Agent's Office in immediately available funds. Interest on any and all amounts remaining unpaid by the Borrowers under this ss.3.2 at any time from the date such amounts become due and payable (whether as stated in this ss.3.2, by acceleration or otherwise) until payment in full (whether before or after judgment) shall be payable to the

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Administrative Agent on demand at the rate of interest specified in ss.5.6 for overdue amounts.

SS.3.3. LETTER OF CREDIT PAYMENTS. If any draft shall be presented or other demand for payment shall be made under any Letter of Credit, the Issuing Lender shall notify the Borrowers of the date and amount of the draft presented or demand for payment and of the date and time when it expects to pay such draft or honor such demand for payment. On the date that such draft is paid or other payment is made by the Issuing Lender, the Issuing Lender shall promptly notify the Lenders of the amount of any Unpaid Reimbursement Obligation. All such Unpaid Reimbursement Obligations with respect to Letters of Credit shall, PROVIDED that no Event of Default under ss.13(g) or ss.13(h) has occurred, become automatically a Revolving Credit Loan which is a Base Rate Loan. No later than 3:00 p.m. (Boston time) on the Business Day next following the receipt of such notice, each Lender shall make available to the Issuing Lender, at the Administrative Agent's Office, in immediately available funds, such Lender's Commitment Percentage of such Unpaid Reimbursement Obligation, together with an amount equal to the product of (a) the average, computed for the period referred to in clause (c) below, of the weighted average interest rate paid by the Issuing Lender for federal funds acquired by the Issuing Lender during each day included in such period, TIMES (b) the amount equal to such Lender's Commitment Percentage of such Unpaid Reimbursement Obligation, TIMES (c) a fraction, the numerator of which is the number of days that have elapsed from and including the date the Issuing Lender paid the draft presented for honor or otherwise made payment until the date on which such Lender's Commitment Percentage of such Unpaid Reimbursement Obligation shall become immediately available to the Issuing Lender, and the denominator of which is 365. The responsibility of the Issuing Lender to the Borrowers and the Lenders shall be only to determine that the documents (including each draft) delivered under each Letter of Credit in connection with such presentment shall be in conformity in all material respects with such Letter of Credit.

SS.3.4. OBLIGATIONS ABSOLUTE. The Borrowers' respective obligations under this ss.3 shall be absolute and unconditional under any and all circumstances and irrespective of the occurrence of any Default or Event of Default or any condition precedent whatsoever or any setoff, counterclaim or defense to payment which the Borrowers may have or have had against the Issuing Lender, any Lender or any beneficiary of a Letter of Credit. The Borrowers further agree with the Issuing Lender and the Revolving Credit Lenders that the Issuing Lender and the Revolving Credit Lenders shall not be responsible for, and the Borrowers' Reimbursement Obligations under ss.3.2 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any

or all respects invalid, fraudulent or forged, or any dispute between or among the Borrowers, the beneficiary of any Letter of Credit or any financing institution or other party to which any Letter of Credit may be transferred or any claims or defenses whatsoever of the Borrowers against the beneficiary of any Letter of Credit or any such transferee. The Issuing Lender and the Revolving Credit Lenders shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit. The Borrowers agree that any action taken or omitted by the Issuing Lender or any Revolving Credit Lender under or in connection with each Letter of Credit and the related drafts and documents, if done in good faith, shall be binding upon the Borrowers and shall not result in any liability on the part of the Issuing Lender or any Revolving Credit Lender to the Borrowers.

SS.3.5. RELIANCE BY ISSUING LENDER. To the extent not inconsistent with ss.3.3, the Issuing Lender shall be entitled to rely, and shall be fully protected in relying upon, any

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Letter of Credit, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, teletype message, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel, independent accountants and other experts selected by the Issuing Lender.

SS.4. THE TERM LOAN.

SS.4.1. COMMITMENT TO LEND. Subject to the terms and conditions set forth in this Credit Agreement, on the Effective Date, each Term Loan Lender agrees to lend to the Borrowers its Term Loan Percentage of the principal amount of \$150,000,000.

SS.4.2. THE TERM NOTES. The Term Loan shall be evidenced by separate promissory notes of the Borrowers in substantially the form of EXHIBIT A-3 hereto (each a "TERM NOTE"), dated the Effective Date (or such other date on which a Term Loan Lender may become a party hereto in accordance with ss.19 hereof) and completed with appropriate insertions. One Term Note shall be payable to the order of each Term Loan Lender in a principal amount equal to such Lender's Term Loan Percentage of the Term Loan and representing the obligation of the Borrowers to pay to such Lender such principal amount or, if less, the outstanding amount of such Lender's Term Loan Percentage of the Term Loan, plus interest accrued thereon, as set forth below. The Borrowers irrevocably authorize each Term Loan Lender to make or cause to be made a notation on such Lender's Term Note Record reflecting the original principal amount of such Lender's Term Loan Percentage of the Term Loan and, at or about the time of such Lender's receipt of any principal payment on such Lender's Term Note, an appropriate notation on such Lender's Term Note Record reflecting such payment. The aggregate unpaid amount set forth on such Lender's Term Note Record shall be PRIMA FACIE evidence of the principal amount thereof owing and unpaid to such Lender, but the failure to record, or any error in so recording, any such amount on such Lender's Term Note Record shall not affect the obligations of the Borrowers hereunder or under any Term Note to make payments of principal of and interest on any Term Note when due.

SS.4.3. SCHEDULED INSTALLMENT PAYMENTS OF PRINCIPAL OF TERM LOAN. The Borrowers jointly and severally promise to pay to the Administrative Agent for the account of the Term Loan Lenders, in accordance with their respective Term Loan Percentages, the principal amount of the Term Loan in (a) six (6) consecutive annual installment payments or (b) in the event that the Term Loan Maturity Date is changed in accordance with the definition thereof, four (4) consecutive annual installment payments, in each case, each such payment equal to one percent (1%) of the notional amount of the Term Loan, and due and payable on each anniversary of the Effective Date, commencing on the first anniversary of the Effective Date, with a final additional payment on the Term Loan Maturity Date in an amount equal to the unpaid balance of the Term Loan.

SS.4.4. MANDATORY PREPAYMENTS OF TERM LOAN.

SS.4.4.1. MANDATORY PREPAYMENTS.

(a) In the event that Net Cash Proceeds received by the Borrowers and the Excluded Subsidiaries from asset sales exceed \$5,000,000 per annum (other than asset sales in the ordinary course of business and sales permitted under ss.8.4.2(b)), the Borrowers will use any such excess Net Cash Proceeds to pay down the Term Loan in the manner set forth in ss.4.4.2.

(b) In the event that, after the Effective Date, any Borrower or any Excluded Subsidiary receives Net Cash Proceeds from a permitted debt offering in excess of \$100,000,000 in the aggregate, the Borrowers shall use one-hundred percent (100%) of such excess Net Cash Proceeds to pay down the Term Loan in the manner set forth in ss.4.4.2.

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(c) In the event that, after the Effective Date, the Borrowers receive Net Equity Proceeds from Equity Offerings in excess of \$125,000,000 in the aggregate (other than from Capital Stock issued as payment for Permitted Acquisitions and Capital Stock consisting of options or other forms of equity-based compensation issued to employees, consultants and directors in accordance with a bona fide compensation plan approved by the Board of Directors of the Parent) the Borrowers shall use fifty-percent (50%) of such excess Net Equity Proceeds to pay down the Term Loan in the manner set forth in ss.4.4.2.

(d) The Borrowers shall use a percentage of Excess Operating Cash Flow in each fiscal year to pay down the Term Loan in the manner set forth in ss.4.4.2, which shall be payable within three (3) days of delivery of the year-end financial statements to the Administrative Agent. The applicable percentage of Excess Operating Cash Flow is set forth in the table below opposite the applicable ratio of Consolidated Total Funded Debt to Consolidated EBITDA for the period of four consecutive fiscal quarters ending on the last day of the Borrowers' fiscal year:

Ratio of Consolidated Total Funded Debt to Consolidated EBITDA	Percentage of Excess Operating Cash Flow
less than 3.00:1.00	0%
greater than or equal to 3.00:1.00 and less than 3.50:1.00	25%
greater than or equal to 3.50:1.00	50%

SS.4.4.2. APPLICATION OF PAYMENTS. Each prepayment of the Term Loan required by ss.4.4.1 shall be allocated among the Term Loan Lenders in accordance with each such Lender's Term Loan Percentage. Any prepayment of principal of the Term Loan shall include all interest accrued to the date of prepayment and shall be applied against the scheduled installments of principal due on the Term Loan in the inverse order of maturity. No amount prepaid or repaid with respect to the Term Loan may be reborrowed. Any Term Loan Lender may decline to accept any payments due to such Term Loan Lender pursuant to this ss.4.4 in which case such declined payments shall be used to repay the Revolving Credit Loans (but not reduce the Total Commitment) on a PRO RATA basis in accordance with each Lender's Commitment Percentage.

SS.4.5. OPTIONAL PREPAYMENT OF TERM LOAN. The Borrowers shall have the right at any time to prepay the Term Notes on or before the Term Loan Maturity Date, in whole, or in part, upon not less than three (3) Business Days' prior written notice to the Administrative Agent, without premium or penalty (other than the obligation to reimburse the Term Loan Lenders and the Administrative Agent pursuant to ss.5.12 hereof, or as otherwise stated herein), PROVIDED that (a) each partial prepayment shall be in the principal amount of \$1,000,000 or an

integral multiple of \$500,000 thereof, and (b) each partial prepayment shall be allocated among the Term Loan Lenders in accordance with such Lender's Term Loan Percentage. Any

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prepayment of principal of the Term Loan shall include all interest accrued to the date of prepayment and shall be applied against the scheduled installments of principal due on the Term Loan in the inverse order of maturity. No amount prepaid or repaid with respect to the Term Loan may be reborrowed.

SS.4.6. INTEREST ON TERM LOAN.

SS.4.6.1. INTEREST RATES. Except as otherwise provided in ss.5.6, the Term Loan shall bear interest during each Interest Period relating to all or any portion of the Term Loan at the following rates:

(a) To the extent that all or any portion of the Term Loan bears interest during such Interest Period at the Base Rate, the Term Loan or such portion thereof shall bear interest during such Interest Period at the Applicable Rate for Term Loans that are Base Rate Loans as in effect from time to time.

(b) To the extent that all or any portion of the Term Loan bears interest during such Interest Period at the Eurodollar Rate, the Term Loan or such portion thereof shall bear interest during such Interest Period at the rate per annum equal to the Applicable Rate for Term Loans that are Eurodollar Rate Loans as in effect from time to time.

The Borrowers jointly and severally promise to pay interest on the Term Loan or any portion thereof outstanding during each Interest Period in arrears on each Interest Payment Date applicable to such Interest Period and on the Term Loan Maturity Date. Any change in the interest rate resulting from a change in the Base Rate is to be effective at the beginning of the day of such change in the Base Rate.

SS.4.6.2. NOTIFICATION BY BORROWERS. The Borrowers shall notify the Administrative Agent, such notice to be irrevocable, at least three (3) Eurodollar Business Days prior to the Drawdown Date of the Term Loan (or any portion thereof) if all or any portion of the Term Loan is to bear interest at the Eurodollar Rate. The provisions of ss.5.11 and ss.5.12 shall apply MUTATIS MUTANDIS with respect to all or any portion of the Term Loan so that the Borrowers may have the same interest rate options with respect to all or any portion of the Term Loan as they would be entitled to with respect to Revolving Credit Loans, PROVIDED, HOWEVER, the Borrowers will have no more than ten (10) different maturities of Eurodollar Rate Loans (whether a portion of the Term Loan or Revolving Credit Loans) outstanding at any time. In the event that the Borrowers fail to give the Administrative Agent notice with respect to the continuation of any Eurodollar Rate Loan hereunder within three (3) days prior to the expiration of the Interest Period relating thereto, then such Eurodollar Rate Loan shall be converted to a Base Rate Loan.

SS.4.6.3. AMOUNTS, ETC. Any portion of the Term Loan bearing interest at the Eurodollar Rate relating to any Interest Period shall be in the amount of \$1,000,000 or an integral thereof. No Interest Period relating to the Term Loan or any portion thereof bearing interest at the Eurodollar Rate shall extend beyond the date on which any regularly scheduled installment payment of the principal of the Term Loan is to be made unless a portion of the Term Loan at least equal to such installment payment has an Interest Period ending on such date or is then bearing interest at the Base Rate.

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SS.5. FEES; PAYMENTS; COMPUTATIONS; JOINT AND SEVERAL LIABILITY; CERTAIN GENERAL PROVISIONS.

SS.5.1. FEES.

(a) COMMITMENT FEE. The Borrowers jointly and severally in accordance

with ss.5.9 agree (to the fullest extent permitted by law) to pay to the Administrative Agent for the benefit of the Revolving Credit Lenders in accordance with their respective Commitment Percentages a commitment fee (the "COMMITMENT FEE") calculated at the rate per annum equal to the Applicable Rate with respect to the Commitment Fee as in effect from time to time on the average daily amount during each calendar quarter or portion thereof from the Effective Date to the Revolving Credit Maturity Date by which the Total Commitment MINUS the sum of the Maximum Drawing Amount and all Unpaid Reimbursement Obligations exceeds the outstanding amount of Revolving Credit Loans (including Swing Line Loans) during such calendar quarter. The Commitment Fee shall be payable quarterly in arrears on the first day of each calendar quarter for the immediately preceding calendar quarter commencing on the first such date following the date hereof, with a final payment on the Revolving Credit Maturity Date or any earlier date on which the Commitments shall terminate.

(b) LETTER OF CREDIT FEES.

(i) The Borrowers jointly and severally in the case of Letters of Credit which are Financial L/Cs agree to pay, at the times specified in paragraph (iii) hereof, a fee (a "FINANCIAL L/C FEE") to the Administrative Agent for the benefit of the Revolving Credit Lenders, equal to the product of (A) the Letter of Credit Percentage MULTIPLIED BY (B) the Maximum Drawing Amount of each Financial L/C on the date of calculation, to be shared PRO RATA by each of such Lenders in accordance with their respective Commitment Percentages.

(ii) The Borrowers jointly and severally in the case of Performance L/Cs agree to pay, at the times specified in paragraph (iii) hereof, a fee (a "PERFORMANCE L/C FEE") to the Administrative Agent for the benefit of the Revolving Credit Lenders, equal to fifty percent (50%) of the product of (A) the Letter of Credit Percentage MULTIPLIED BY (B) the Maximum Drawing Amount of each such Letter of Credit on the date of calculation, to be shared PRO RATA by each of such Lenders in accordance with their respective Commitment Percentages.

(iii) The Financial L/C Fee and Performance L/C Fee and the Issuance Fee (as defined below) shall be payable quarterly in arrears on the first day of each calendar quarter for the immediately preceding calendar quarter and on the Revolving Credit Maturity Date with respect to the average daily Maximum Drawing Amount of Letters of Credit outstanding during such calendar quarter or portion thereof. In addition, the Borrowers jointly and severally agree to pay an issuing fee to the Issuing Lender for its account in an amount equal to one eighth of one percent (0.125%) per annum of the Maximum Drawing Amount of each Letter of Credit issued by the Issuing Lender, PLUS any customary issuance, amendment, negotiation or document examination and other administrative fees of such Issuing Lender in effect from time to time (the "ISSUANCE FEE").

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(c) The Borrowers shall also pay to the Administrative Agent for its own account and/or for the account of the Syndication Agent, the Co-Arrangers and the Lenders, such other fees as have been agreed to in writing from time to time by the Borrowers and the Agents, each as set forth in separate letter agreements between the Borrowers and the Agents.

SS.5.2. PAYMENTS.

(a) PAYMENTS TO ADMINISTRATIVE AGENT. All payments of principal, interest, Reimbursement Obligations, fees and any other amounts due hereunder or under any of the other Loan Documents shall be made to the Administrative Agent, for the respective accounts of the applicable Lenders ratably in accordance with their respective Loan Percentages, the Issuing Lender and the Administrative Agent, to be received at such Administrative Agent's Office in immediately available funds by 1:00 p.m. (Boston time) on any due date. The Administrative Agent shall promptly distribute such amounts to the applicable Lenders.

(b) NO OFFSET, ETC. All payments by the Borrowers hereunder and under any of the other Loan Documents shall be made without setoff or counterclaim and free and clear of and without deduction for any taxes,

levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein unless the Borrowers are compelled by law to make such deduction or withholding. Except as otherwise provided in this ss.5.2, if any such obligation is imposed upon the Borrowers with respect to any amount payable by them hereunder or under any of the other Loan Documents, the Borrowers will pay to the Administrative Agent for the account of the applicable Lenders or (as the case may be) the Administrative Agent, on the date on which such amount is due and payable hereunder or under such other Loan Document, such additional amount in Dollars as shall be necessary to enable the applicable Lenders or the Administrative Agent to receive the same net amount which such Lenders or the Administrative Agent would have received on such due date had no such obligation been imposed upon the Borrowers. The Borrowers will deliver promptly to the Lender certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by the Borrowers hereunder or under such other Loan Document.

(c) NON-U.S. LENDERS. Each Lender that is not a U.S. Person as defined in Section 7701(a)(30) of the Code for federal income tax purposes (a "NON-U.S. LENDER") agrees that, if and to the extent it is legally able to do so, it shall, prior to the first date on which any payment is due to it hereunder, deliver to the Borrowers and the Administrative Agent such certificates, documents or other evidence, as and when required by the Code or Treasury Regulations issued pursuant thereto, including, (a) in the case of a Non-U.S. Lender that is a "bank" for purposes of Section 881(c)(3)(A) of the Code, two (2) duly completed copies of Internal Revenue Service Form W-8BEN or W-8ECI or successor applicable form, as the case may be, and any other certificate or statement of exemption required by Treasury Regulations, establishing that, with respect to payments of principal, interest or fees hereunder, such Non-U.S. Lender is (i) not subject to United States federal withholding tax under the Code because such payment is effectively connected with the conduct by such Non-U.S. Lender of a trade or business in the United States or (ii) totally exempt or partially exempt from United States federal withholding tax under a provision of an applicable tax treaty and (b) in the case of a Non-U.S.

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Lender that is not a "bank" for purposes of Section 881(c)(3)(A) of the Code, a certificate in form and substance reasonably satisfactory to the Administrative Agent and the Borrowers and to the effect that (i) such Non-U.S. Lender is not a "bank" for purposes of Section 881(c)(3)(A) of the Code, is not subject to regulatory or other legal requirements as a bank in any jurisdiction, and has not been treated as a bank for purposes of any tax, securities law or other filing or submission made to any governmental authority, any application made to a rating agency or qualification for any exemption from any tax, securities law or other legal requirements, (ii) is not a ten (10) percent shareholder for purposes of Section 881(c)(3)(B) of the Code and (iii) is not a controlled foreign corporation receiving interest from a related person for purposes of Section 881(c)(3)(C) of the Code, together with a properly completed Internal Revenue Service Form W-8 or W-9, as applicable (or successor forms). Each Lender agrees that it shall, promptly upon a change of its lending office or the selection of any additional lending office, to the extent the forms previously delivered by it pursuant to this section are no longer effective, and promptly upon the Borrowers' or the Administrative Agent's reasonable request after the occurrence of any other event (including the passage of time) requiring the delivery of a Form W-8BEN, Form W-8ECI, Form W-8 or W-9 in addition to or in replacement of the forms previously delivered, deliver to the Borrowers and the Administrative Agent, as applicable, if and to the extent it is properly entitled to do so, a properly completed and executed Form W-8BEN, Form W-8ECI, Form W-8 or W-9, as applicable (or any successor forms thereto).

(d) The Borrowers shall not be required to pay any additional amounts to any Non-U.S. Lender in respect of United States federal withholding tax pursuant to ss.5.2(b) to the extent that (i) the obligation to withhold such amounts existed on the date such Non-U.S. Lender became a party to this Credit Agreement or, with respect to payments to a different lending office designated by the Non-U.S. Lender as its applicable lending office,

the date such Non-U.S. Lender designated such new lending office with respect to a Loan; or (ii) the obligation to pay such additional amounts would not have arisen but for a failure by such Non-U.S. Lender to comply with the provisions of paragraph (c) above.

(e) In the event that the Borrowers are required to make such deduction or withholding as a result of the fact that a Lender is a Non-U.S. Lender, such Lender shall use its reasonable best efforts to transfer its Loans to an affiliate that is a U.S. Lender if such transfer would have no adverse effect on such Lender or the Loans.

SS.5.3. COMPUTATIONS. Except as otherwise expressly provided herein, all computations of interest, Commitment Fees, Financial L/C Fees, Performance L/C Fees or other fees shall be based on a 360-day year and paid for the actual number of days elapsed. Computations of the interest on Base Rate Loans shall be based on a 365/366- day year and paid for the actual number of days elapsed. Whenever a payment hereunder or under any of the other Loan Documents becomes due on a day that is not a Business Day, the due date for such payment shall be extended to the next succeeding Business Day, and interest shall accrue during such extension.

SS.5.4. CAPITAL ADEQUACY. If any Lender or the Administrative Agent shall have determined that, after the date hereof, (a) the adoption of, or change in, any law, rule, regulation, policy, guideline or directive (whether or not having the force of law) regarding capital requirements for banks or bank holding companies or any change in the interpretation or, application or administration thereof by any governmental authority, central bank or comparable

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agency with appropriate jurisdiction, or (b) compliance by such Lender or the Administrative Agent or any corporation controlling such Lender or the Administrative Agent with any law, governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) of any such entity regarding capital adequacy, in either case, has or would have the effect of reducing the rate of return on such Lender's or the Administrative Agent's commitment with respect to any Loans to a level below that which such Lender or the Administrative Agent could have achieved but for such adoption, change, or compliance (taking into consideration such Lender's or the Administrative Agent's then existing policies with respect to capital adequacy and assuming full utilization of such entity's capital) by any amount deemed by such Lender or (as the case may be) the Administrative Agent to be material, then the Borrowers shall, within thirty (30) days after being presented with a certificate in accordance with ss.5.5, pay such Lender or (as the case may be) the Administrative Agent such additional amount or amounts as will, in such Lender's or (as the case may be) the Administrative Agent's reasonable determination, fairly compensate such Lender or the Administrative Agent for such reduction in the return on capital. Each Lender shall allocate such cost increases among its customers in good faith and on an equitable basis.

SS.5.5. CERTIFICATE. A certificate setting forth any additional amounts payable pursuant to ss.5.4 or ss.5.8 and a reasonable explanation of such amounts which are due, submitted by any Lender Or the Administrative Agent to the Borrowers, shall be conclusive, absent manifest error, that such amounts are due and owing.

SS.5.6. INTEREST AFTER DEFAULT. Overdue principal and (to the extent permitted by applicable law) interest on the Loans and all other overdue amounts payable hereunder or under any of the other Loan Documents shall bear interest compounded monthly and payable on demand at a rate per annum equal to two percent (2.00%) above the rate of interest otherwise applicable to such Loans until such overdue amounts shall be paid in full (after as well as before judgment).

SS.5.7. INTEREST LIMITATION. Notwithstanding any other term of this Credit Agreement or the Notes, any other Loan Document or any other document referred to herein or therein, the maximum amount of interest which may be charged to or collected from any Person liable hereunder or under the Notes by any Lender shall be absolutely limited to, and shall in no event exceed, the maximum amount of interest which could lawfully be charged or collected by such Lender under applicable laws (including, to the extent applicable, the provisions of ss.5197 of the Revised Statutes of the United States of America,

as amended, 12 U.S.C. ss.85).

SS.5.8. ADDITIONAL COSTS, ETC. If any present or future applicable law, which expression, as used herein, includes statutes, rules and regulations thereunder and interpretations thereof by any competent court or by any governmental or other regulatory body or official charged with the administration or the interpretation thereof and requests, directives, instructions and notices at any time or from time to time hereafter made upon or otherwise issued to any Lender, the Issuing Lender or the Administrative Agent by any central bank or other fiscal, monetary or other authority (whether or not having the force of law), shall:

(a) impose on any Lender, the Issuing Lender or the Administrative Agent any tax, levy, impost, duty, charge, fees, deduction or withholdings of any nature or requirements with respect to this Credit Agreement, the other Loan Documents, the Loans, such Lender's Commitment, the Letters of Credit or any class of loans or commitments or letters of credit of which any of the Loans, the Commitment or the

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Letters of Credit forms a part (other than taxes based upon or measured by the income or profits of such Lender, the Issuing Lender or the Administrative Agent), or

(b) materially change the basis of taxation (except for changes in taxes on income or profits) of payments to any Lender of the principal of or the interest on any Loans or any other amounts payable to any Lender, the Issuing Lender or the Administrative Agent under this Credit Agreement or any of the other Loan Documents, or

(c) impose or increase or render applicable (other than to the extent specifically provided for elsewhere in this Credit Agreement) any special deposit, reserve, assessment, liquidity, capital adequacy or other similar requirements (whether or not having the force of law) against assets held by, or deposits in or for the account of, or loans by, or letters of credit issued by, or commitments of an office of any Lender or the Issuing Lender, or

(d) impose on any Lender, the Issuing Lender or the Administrative Agent any other conditions or requirements with respect to this Credit Agreement, the other Loan Documents, any Letters of Credit, the Loans, such Lender's Commitment, or any class of loans, letters of credit or commitments of which any of the Loans or such Lender's Commitment forms a part, and the result of any of the foregoing is:

(e) to increase the cost to any Lender or the Issuing Lender of making, funding, issuing, renewing, extending or maintaining the Loans, such Lender's Commitment or any Letters of Credit; or

(f) to reduce the amount of principal, interest, Reimbursement Obligation, fees or other amount payable to such Lender, the Issuing Lender or the Administrative Agent hereunder on account of such Lender's Commitment, the Loans, or drawings under the Letters of Credit, or

(g) to require such Lender, the Issuing Lender or the Administrative Agent to make any payment or to forego any interest or Reimbursement Obligation other sum payable hereunder, the amount of which payment or foregone interest or Reimbursement Obligation or other sum is calculated by reference to the gross amount of any sum receivable or deemed received by such Lender, the Issuing Lender or the Administrative Agent from the Borrowers hereunder,

then, and in each such case, the Borrowers will, upon demand made by such Lender, the Issuing Lender or (as the case may be) the Administrative Agent at any time and from time to time and as often as the occasion therefor may arise, pay to such Lender, the Issuing Lender or the Administrative Agent such additional amounts as will be sufficient to compensate such Lender, the Issuing Lender or the Administrative Agent for such additional cost, reduction, payment or foregone interest or Reimbursement Obligation or other sum (after such Lender, the Issuing Lender or (as the case may be) the Administrative Agent shall have allocated the same fairly and equitably among all customers of any

class generally affected thereby).

SS.5.9. CONCERNING JOINT AND SEVERAL LIABILITY OF THE BORROWERS.

(a) Each of the Borrowers is accepting joint and several liability for all of the Obligations hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by the Agents, the Issuing Lender and the

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Lenders under this Credit Agreement, for the mutual benefit, directly and indirectly, of each of the Borrowers and in consideration of the undertakings of each other Borrower to accept joint and several liability for the Obligations of the Borrowers.

(b) Each of the Borrowers, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrowers with respect to the payment and performance of all of the Obligations of the Borrowers (including, without limitation, any Obligations arising under this ss.5.9), it being the intention of the parties hereto that all of the Obligations shall be the joint and several obligations of each of the Borrowers without preferences or distinction among them.

(c) If and to the extent that any of the Borrowers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event the other Borrowers will make such payment with respect to, or perform, such Obligation.

(d) The Obligations of each of the Borrowers under the provisions of this ss.5.9 constitute full recourse obligations of each such Borrower enforceable against each such Borrower to the full extent of its properties and assets, to the fullest extent permitted by applicable law, irrespective of the validity, regularity or enforceability of this Credit Agreement against any other Borrower or any other circumstance whatsoever.

(e) Except as otherwise expressly provided in this Credit Agreement, each of the Borrowers, to the fullest extent permitted by applicable law, hereby waives notice of acceptance of its joint and several liability, notice of any Loans made under this Credit Agreement, notice of any action at any time taken or omitted by the Agents, the Issuing Lender or the Lenders under or in respect of any of the Obligations, and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Credit Agreement. Each Borrower, to the fullest extent permitted by applicable law, hereby waives all defenses which may be available by virtue of any valuation, stay, moratorium law or other similar law now or hereafter in effect, any right to require the marshaling of assets of the Borrowers and any other entity or Person primarily or secondarily liable with respect to any of the Obligations, and all suretyship defenses generally. Each of the Borrowers, to the fullest extent permitted by applicable law, hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by the Lenders, the Agents or the Issuing Lender at any time or times in respect of any default by any of the Borrowers in the performance or satisfaction of any term, covenant, condition or provision of this Credit Agreement, any and all other indulgences whatsoever by the Lenders, the Agents or the Issuing Lender in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any of the Borrowers. Without limiting the generality of the foregoing, to the fullest extent permitted by law, each of the Borrowers assents to any other action or delay in acting or failure to act on the part of the Lenders, the Agents or the Issuing Lender with respect to the failure by any of the Borrowers to comply with any of its respective Obligations including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder, which might, but for the

ss.5.9, afford grounds for terminating, discharging or relieving any of the Borrowers, in whole or in part, from any of its Obligations under this ss.5.9, it being the intention of each of the Borrowers that, so long as any of the Obligations hereunder remain unsatisfied, the Obligations of such Borrowers under this ss.5.9 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each of the Borrowers under this ss.5.9 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, re-construction or similar proceeding with respect to any of the Borrowers, the Agents, the Issuing Lender or the Lenders. The joint and several liability of the Borrowers hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, membership, constitution or place of formation of any of the Borrowers, the Agents, the Issuing Lender or the Lenders.

(f) To the extent any Borrower makes a payment hereunder in excess of the aggregate amount of the benefit received by such Borrower in respect of the extensions of credit under the Credit Agreement (the "BENEFIT AMOUNT"), then such Borrower, after the payment in full, in cash, of all of the Obligations, shall be entitled to recover from each other Borrower such excess payment, PRO RATA, in accordance with the ratio of the Benefit Amount received by each such other Borrower to the total Benefit Amount received by all Borrowers, and the right to such recovery shall be deemed to be an asset and property of such Borrower so funding; PROVIDED, that each of the Borrowers hereby agrees that it will not enforce any of its rights of contribution or subrogation against the other Borrowers with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to any of the Lenders or the Administrative Agent with respect to any of the Obligations or any collateral security therefor until such time as all of the Obligations have been irrevocably paid in full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to the Lenders or the Administrative Agent hereunder or under any other Loan Document are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full of the Obligations and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Borrower, its debts or its assets, whether voluntary or involuntary, all such Obligations shall be paid in full before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Borrower therefor.

(g) Each of the Borrowers hereby agrees that it will not enforce any of its rights of contribution or subrogation against the other Borrowers with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to any of the Lenders, the Issuing Lender or either Agent with respect to any of the Obligations or any collateral security therefor until such time as all of the Obligations have been irrevocably paid in full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to the Lenders, the Issuing Lender or either Agent hereunder or under any other Loan Document are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full of the Obligations and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Borrower, its debts or its assets, whether voluntary or involuntary, all such Obligations shall be paid in full before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Borrower therefor.

(h) Each of Borrowers hereby agrees that the payment of any amounts due with respect to the Indebtedness owing by any Borrower to any other Borrower is hereby subordinated to the prior payment in full in cash of the Obligations. Each Borrower hereby agrees that after the occurrences and during the continuance of any Default or Event of Default, such Borrower will not demand, sue for or otherwise attempt to collect any Indebtedness of any other Borrower owing to such Borrower until the Obligations shall have been paid in full in cash. If, notwithstanding the foregoing sentence, such Borrower shall collect, enforce or receive any amounts in respect of such Indebtedness before payment in full in cash of the Obligations, such amounts shall be collected, enforced, received by such Borrower as trustee for the Administrative Agent and be paid over to the Administrative Agent for the PRO RATA accounts of the relevant Lenders (in accordance with each such Lender's Loan Percentage) to be applied to repay (or be held as security for the repayment of) the Obligations.

(i) The provisions of this ss.5.9 are made for the benefit of the Agents, the Issuing LendeR and the Lenders and their successors and assigns, and may be enforced in good faith by them from time to time against any or all of the Borrowers as often as the occasion therefor may arise and without requirement on the part of the Agents, the Issuing Lender or the Lenders first to marshal any of their claims or to exercise any of their rights against any other Borrower or to exhaust any remedies available to them against any other Borrower or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this ss.5.9 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by the Agents, the Issuing Lender or the Lenders upon the insolvency, bankruptcy or reorganization of any of the Borrowers or is repaid in good faith settlement of a pending or threatened avoidance claim, or otherwise, the provisions of this ss.5.9 will forthwith be reinstated in effect, as though such payment had not been made.

(j) Each of the Borrowers hereby appoints the Parent, and the Parent hereby agrees, to act as its representative and authorized signor with respect to any notices, demands, communications or requests under this Credit Agreement or the other Loan Documents, including, without limitation, with respect to Loan and Letter of Credit Requests and Compliance Certificates and pursuant to ss.21 of this Credit Agreement.

(k) It is the intention and agreement of the Borrowers and the Lenders that the obligations of the Borrowers under this Credit Agreement shall be valid and enforceable against the Borrower to the maximum extent permitted by applicable law. Accordingly, if any provision of this Credit Agreement creating any obligation of the Borrowers in favor of the Lenders shall be declared to be invalid or unenforceable in any respect or to any extent, it is the stated intention and agreement of the Borrowers and the Lenders that any balance of the obligation created by such provision and all other obligations of the Borrowers to the Lenders created by other provisions of this Credit Agreement shall remain valid and enforceable. Likewise, if by final order a court of competent jurisdiction shall declare any sums which the Lenders may be otherwise entitled to collect from the Borrowers under this Credit Agreement to be in excess of those permitted under any law (including any federal or state fraudulent conveyance or like statute or rule of law) applicable to the Borrower's obligations under this Credit Agreement, it is the stated intention and agreement of the Borrowers and the Lenders that all sums not in excess of

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those permitted under such applicable law shall remain fully collectible by the Lenders from the Borrowers.

SS.5.10. CURRENCY OF ACCOUNT. All of the Loans and Letters of Credit hereunder shall be denominated and payable in Dollars. If, for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in one currency (the "FIRST CURRENCY") into any other currency (the "SECOND CURRENCY") the conversion shall be made at the Spot Rate of exchange of the Administrative Agent (as conclusively determined by such Administrative Agent absent manifest error) on the Business Day preceding the day on which the final

judgment is given. If, however, on the Business Day following receipt by the Administrative Agent in the second currency of any sum adjudged to be due hereunder (or any proportion thereof) the Administrative Agent purchases the first currency with the amount of the second currency so received and the first currency so purchased falls short of the sum originally due hereunder in the first currency (or the same proportion thereof) the Borrowers, shall, as a separate obligation and notwithstanding any judgment, pay to the Administrative Agent in the first currency an amount equal to such shortfall.

SS.5.11. ELECTION OF EURODOLLAR RATE; NOTICE OF ELECTION; INTEREST PERIODS; MINIMUM AMOUNTS.

(a) At the Borrowers' option, so long as no Default or Event of Default has occurred and is then continuing, the Borrowers may (i) elect to convert any Base Rate Loan or a portion thereof to a Eurodollar Rate Loan, (ii) at the time of any Loan and Letter of Credit Request, specify that such requested Loan shall be a Eurodollar Rate Loan, or (iii) upon expiration of the applicable Interest Period, elect to maintain an existing Eurodollar Rate Loan as such, PROVIDED that the Borrowers give notice to the Administrative Agent pursuant to ss.5.11(b) hereof. Upon determining any Eurodollar Rate, the Administrative Agent shall forthwith provide notice thereof to the Borrowers and each Lender, and each such notice to the Borrowers shall be considered PRIMA FACIE correct and binding, absent manifest error.

(b) Three (3) Eurodollar Business Days prior to the making of any Eurodollar Rate Loan or the conversion of any Base Rate Loan to a Eurodollar Rate Loan, or, in the case of an outstanding Eurodollar Rate Loan, the expiration date of the applicable Interest Period, the Borrowers shall give written, telex or telecopy notice received by the Administrative Agent not later than 11:00 a.m. (Boston time) of their election pursuant to ss.5.11(a). Each such notice delivered to the Administrative Agent shall specify the aggregate principal amount of the Loans to be borrowed or maintained as or converted to Eurodollar Rate Loans and the requested duration of the Interest Period that will be applicable to such Eurodollar Rate Loan, and such notice shall be irrevocable and binding upon the Borrowers. If the Borrowers shall fail to give the Administrative Agent notice of their election hereunder together with all of the other information required by this ss.5.11(b) with respect to any Loan, whether at the end of an Interest Period or otherwise, such Loan shall be deemed a Base Rate Loan, and, if such Loan is an existing Eurodollar Rate Loan, shall be automatically converted to a Base Rate Loan on the last day of the Interest Period relating thereto. No Eurodollar Rate Loan may be continued as such when any Default or Event of Default has occurred and is continuing, but shall be automatically converted to a Base Rate Loan on the last day of the Interest Period relating thereto. The Administrative Agent shall promptly notify the Lenders in

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writing (or by telephone confirmed in writing or by telecopy) of such election by the Borrowers hereunder.

(c) Notwithstanding anything herein to the contrary, the Borrowers may not specify an Interest Period that would extend beyond the Revolving Credit Maturity Date, in the case of Revolving Credit Loans, or the Term Loan Maturity Date, in the case of Term Loans.

(d) In no event shall the Borrowers have more than ten (10) different maturities of borrowings of Eurodollar Rate Loans outstanding at any time.

SS.5.12. EURODOLLAR INDEMNITY. The Borrowers agree to indemnify the Lenders and the Administrative Agent and to hold them harmless from and against any reasonable loss, cost or expense (including loss of anticipated profits) that the Lenders and the Administrative Agent may sustain or incur as a consequence of (a) default by the Borrowers in payment of the principal amount of or any interest on any Eurodollar Rate Loans as and when due and payable, including any such loss or expense arising from interest or fees payable by any Lender or the Administrative Agent to lenders of funds obtained by it in order to maintain its Eurodollar Rate Loans, (b) default by the Borrowers in making a borrowing or conversion after the Borrowers have given (or are deemed to have given) notice pursuant to ss.2.6 or ss.5.11 and (c) the making of any payment of a Eurodollar

Rate Loan or the making of any conversion of any such Eurodollar Rate Loan to a Base Rate Loan on a day that is not the last day of the applicable Interest Period with respect thereto, including interest or fees payable by such Lender to lenders of funds obtained by it in order to maintain any such Loans or upon a transfer of interest in Eurodollar Rate Loans to an Acceding Lender pursuant to ss.19(g).

SS.5.13. ILLEGALITY; INABILITY TO DETERMINE EURODOLLAR RATE.

Notwithstanding any other provision of this Credit Agreement if (a) any present or future law, regulation, treaty or directive or the interpretation or application thereof shall make it unlawful for any Lender to make or maintain Eurodollar Rate Loans, or (b) if any Lender or the Administrative Agent, as applicable shall reasonably determine with respect to Eurodollar Rate Loans that (i) by reason of circumstances affecting any Eurodollar interbank market, adequate and reasonable methods do not exist for ascertaining the Eurodollar Rate which would otherwise be applicable during any Interest Period, or (ii) deposits of Dollars in the relevant amount for the relevant Interest Period are not available to such Lender or the Administrative Agent in any Eurodollar interbank market, or (iii) the Eurodollar Rate does not or will not accurately reflect the cost to such Lender or the Administrative Agent of obtaining or maintaining the applicable Eurodollar Rate Loans during any Interest Period, then such Lender or the Administrative Agent shall promptly give telephonic, telex or cable notice of such determination to the Borrowers (which notice shall be conclusive and binding upon the Borrowers). Upon such notification by such Lender or the Administrative Agent, the obligation of the Lenders and the Administrative Agent to make Eurodollar Rate Loans shall be suspended until the Lenders or the Administrative Agent, as the case may be, determine that such circumstances no longer exist, and to the extent permitted by law the outstanding Eurodollar Rate Loans shall continue to bear interest at the applicable rate based on the Eurodollar Rate until the end of the applicable Interest Period, and thereafter shall be deemed converted to Base Rate Loans in equal principal amounts of such former Eurodollar Rate Loans. The Borrowers hereby agree promptly to pay to the Administrative Agent, for the account of the applicable Lenders or (as the case may be) the Administrative Agent, upon demand by such Lenders or the Administrative Agent, any additional amounts necessary to compensate such Lenders for any costs incurred in making any conversion in accordance with this ss.5.13, including any interest or fees payable by such Lenders or the

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Administrative Agent to lenders of funds obtained in order to make or maintain its Eurodollar Rate Loans hereunder.

SS.6. REPRESENTATIONS AND WARRANTIES. The Borrowers jointly and severally represent and warrant to the Lenders, the Issuing Lender and the Agents that, on and as of the date of this Credit Agreement (any disclosure on a schedule pursuant to this ss.6 shall be deemed to apply to all relevant representations and warranties, regardless of whether such schedule is referenced in each relevant representation):

SS.6.1. CORPORATE AUTHORITY.

(a) INCORPORATION; GOOD STANDING. Each of the Borrowers (i) is a corporation (or similar business entity) duly organized, validly existing and in good standing or in current status under the laws of its respective jurisdiction of organization, (ii) has all requisite corporate (or the equivalent company or partnership) power to own its property and conduct its business as now conducted and as presently contemplated, and (iii) is in good standing as a foreign corporation (or similar business entity) and is duly authorized to do business in each jurisdiction in which its property or business as presently conducted or contemplated makes such qualification necessary except where a failure to be so qualified would not have a material adverse effect on the business, assets or financial condition of such Borrower.

(b) AUTHORIZATION. The execution, delivery and performance of the Loan Documents and the transactions contemplated hereby and thereby (i) are within the corporate (or the equivalent company or partnership) authority of each of the Borrowers, (ii) have been duly authorized by all necessary corporate (or other) proceedings, (iii) do not conflict with or result in any material breach or contravention of any provision of law, statute, rule

or regulation to which any of the Borrowers is subject or any judgment, order, writ, injunction, license or permit applicable to any of the Borrowers so as to materially adversely affect the assets, business or any activity of the Borrowers, and (iv) do not conflict with any provision of the corporate charter, articles or bylaws (or equivalent other company or partnership documents) of the Borrowers or any agreement or other instrument binding upon the Borrowers, including, without limitation, the Indenture.

(c) ENFORCEABILITY. The execution, delivery and performance of the Loan Documents will result in valid and legally binding obligations of the Borrowers enforceable against each in accordance with the respective terms and provisions hereof and thereof, except as enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except to the extent that availability of the remedy of specific performance or injunctive relief or other equitable remedy is subject to the discretion of the court before which any proceeding therefor may be brought.

SS.6.2. GOVERNMENTAL APPROVALS. The execution, delivery and performance by the Borrowers of the Loan Documents and the transactions contemplated hereby and thereby do not require any approval or consent of, or filing with, any governmental agency or authority other than those already obtained.

SS.6.3. TITLE TO PROPERTIES; LEASES. The Borrowers own all of the assets reflected in the consolidated balance sheets as at the Balance Sheet Date or acquired since that

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date (except property and assets sold or otherwise disposed of in the ordinary course of business since that date), subject to no mortgages, Capitalized Leases, conditional sales agreements, title retention agreements, liens or other encumbrances except Permitted Liens.

SS.6.4. FINANCIAL STATEMENTS; SOLVENCY.

(a) FINANCIAL STATEMENTS. There has been furnished to the Lenders (i) consolidated balance sheets of the Parent and its Subsidiaries dated the Balance Sheet Date and consolidated statements of operations for the fiscal year then ended, certified by Pricewaterhouse Coopers LLP or an independent accounting firm of national standing acceptable to the Lenders (the "ACCOUNTANTS"). Said balance sheets and statements of operations have been prepared in accordance with GAAP, fairly present in all material respects the financial condition of the Parent and its Subsidiaries, on a consolidated basis as at the close of business on the date thereof and the results of operations for the period then ended. There are no contingent liabilities of the Borrowers as of such dates involving material amounts, known to the officers of the Borrowers which have not been disclosed in said balance sheets and the related notes thereto, as the case may be.

(b) SOLVENCY. The Borrowers (both before and after giving effect to the transactions contemplated by this Credit Agreement, including the issuance of the Senior Subordinated Debt) are and will be solvent (i.e., they have assets having a fair value in excess of the amount required to pay their probable liabilities on their existing debts as they become absolute and matured) and have, and expect to have, the ability to pay their debts from time to time incurred in connection therewith as such debts mature.

SS.6.5. NO MATERIAL CHANGES, ETC. Since the Balance Sheet Date there have occurred no material adverse changes in the financial condition or business of the Borrowers as shown on or reflected in the consolidated balance sheet of the Borrowers as at the Balance Sheet Date or the consolidated statements of income for the periods then ended other than changes in the ordinary course of business which have not had a material adverse effect either individually or in the aggregate on the business or financial condition of the Borrowers. Since the Balance Sheet Date there has not been any Restricted Payment.

SS.6.6. PERMITS, FRANCHISES, PATENTS, COPYRIGHTS, ETC. Each of the Borrowers possesses all material franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted without

known conflict with any rights of others.

SS.6.7. LITIGATION. Except as shown on SCHEDULES 6.7 and 6.16 hereto, there are no actions, suits, proceedings or investigations of any kind pending or, to the knowledge of the Borrowers, threatened against any Borrower before any court, tribunal or administrative agency or board which, if adversely determined, might, either in any case or in the aggregate materially adversely affect the properties, assets, financial condition or business of the Borrowers, considered as a whole, or materially impair the right of the Borrowers, considered as a whole, to carry on business substantially as now conducted, or result in any substantial liability not adequately covered by insurance, or for which adequate reserves are not maintained on the consolidated balance sheet or which question the validity of any of the Loan Documents, or any action taken or to be taken pursuant hereto or thereto and none of the scheduled matters individually or in the aggregate could reasonably be expected to have a material adverse effect on the properties, assets, financial condition or business of the Borrowers as a whole.

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SS.6.8. NO MATERIALLY ADVERSE CONTRACTS, ETC. None of the Borrowers is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Borrowers' officers has or is expected in the future to have a materially adverse effect on the business, assets or financial condition of the Borrowers as a whole. None of the Borrowers is a party to any contract or agreement which in the judgment of the Borrowers' officers has or is expected to have any materially adverse effect on the business of the Borrowers as a whole, except as otherwise reflected in adequate reserves.

SS.6.9. COMPLIANCE WITH OTHER INSTRUMENTS, LAWS, ETC. None of the Borrowers is violating any provision of its charter documents or by-laws (or equivalent company documents) or any agreement or instrument by which any of them may be subject or by which any of them or any of their properties may be bound or any decree, order, judgment, or any statute, license, rule or regulation, in a manner which could result in the imposition of substantial penalties or materially and adversely affect the financial condition, properties or business of any of the Borrowers.

SS.6.10. TAX STATUS. The Borrowers have made or filed all United States federal and state income and all Canadian federal and provincial or territorial income, as applicable, and all other tax returns, reports and declarations required by any jurisdiction to which any of them are subject (unless and only to the extent that any Borrower has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes); and have paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith; and have set aside on their books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply to the extent required in accordance with GAAP. All tax returns, report and declarations required by any jurisdiction accurately disclose (except for discrepancies which are not material) the amount of tax payable by the Borrowers in the relevant jurisdiction except for the amounts being contested in good faith by the Borrowers. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Borrowers know of no basis for any such claim.

SS.6.11. NO EVENT OF DEFAULT. No Default or Event of Default has occurred and is continuing.

SS.6.12. HOLDING COMPANY AND INVESTMENT COMPANY ACTS. None of the Borrowers is a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935; nor is any of them an "investment company", or an "affiliated company" or a "principal underwriter" of an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended.

SS.6.13. ABSENCE OF FINANCING STATEMENTS, ETC. Except with respect to Permitted Liens and as set forth on SCHEDULE 8.2(F) hereto, there is no effective financing statement, security agreement, chattel mortgage, real estate

mortgage or other document filed or recorded with any filing records, registry, or other public office, which covers, affects or gives notice of any present or possible future lien on, or security interest in, any assets or property of any of the Borrowers or rights thereunder.

SS.6.14. EMPLOYEE BENEFIT PLANS.

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(a) IN GENERAL. Each Employee Benefit Plan and each Guaranteed Pension Plan has been maintained and operated in compliance in all material respects with the provisions of ERISA and, to the extent applicable, the Code, including but not limited to the provisions thereunder respecting prohibited transactions and the bonding of fiduciaries and other Persons handling plan funds as required by ss.412 of ERISA. Each Borrower has heretofore delivered to the Administrative Agent the most recently completed annual report, Form 5500, with all required attachments, and actuarial statement required to be submitted under ss.103(d) of ERISA, with respect to each Guaranteed Pension Plan.

(b) TERMINABILITY OF WELFARE PLANS. No Employee Benefit Plan, which is an employee welfare benefit plan within the meaning of ss.3(1) or ss.3(2)(B) of ERISA, provides benefit coverage subsequent to termination of employment, except as required by Title I, Part 6 of ERISA or the applicable state insurance laws. A Borrower may terminate each such Plan at any time (or at any time subsequent to the expiration of any applicable bargaining agreement) in the discretion of such Borrower without liability to any Person other than for claims arising prior to termination.

(c) GUARANTEED PENSION PLANS. Each contribution required to be made to a Guaranteed Pension Plan, whether required to be made to avoid the incurrence of an accumulated funding deficiency, the notice or lien provisions of ss.302(f) of ERISA, or otherwise, has been timely made. No waiver of an accumulated funding deficiency or extension of amortization periods has been received with respect to any Guaranteed Pension Plan, and no Borrower nor any ERISA Affiliate is obligated to or has posted security in connection with an amendment to a Guaranteed Pension Plan pursuant to ss.307 of ERISA or ss.401(a)(29) of the Code. No liability to the PBGC (other than required insurance premiums, all of which have been paid) has been incurred by any Borrower or any ERISA Affiliate with respect to any Guaranteed Pension Plan and there has not been any ERISA Reportable Event (other than an ERISA Reportable Event as to which the requirement of 30 days notice has been waived), or any other event or condition which presents a material risk of termination of any Guaranteed Pension Plan by the PBGC. Based on the latest valuation of each Guaranteed Pension Plan (which in each case occurred within twelve months of the date of this representation), and on the actuarial methods and assumptions employed for that valuation, the aggregate benefit liabilities of all such Guaranteed Pension Plans within the meaning of ss.4001 of ERISA did not exceed the aggregate value of the assets of all such Guaranteed Pension Plans, disregarding for this purpose the benefit liabilities and assets of any Guaranteed Pension Plan with assets in excess of benefit liabilities.

(d) MULTIEMPLOYER PLANS. No Borrower nor any ERISA Affiliate has incurred any material liability (including secondary liability) to any Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan under ss.4201 of ERISA or as a result of a sale of assets described in ss.4204 of ERISA. No Borrower nor any ERISA Affiliate has been notified that any Multiemployer Plan is in reorganization or insolvent under and within the meaning of ss.4241 or ss.4245 of ERISA or is at risk of entering reorganization or becoming insolvent, or that any Multiemployer Plan intends to terminate or has been terminated under ss.4041A of ERISA.

SS.6.15. USE OF PROCEEDS. The proceeds of the Loans shall be used (a) to refinance the existing Indebtedness of the Borrowers under the Existing Credit Agreement, (b) to fund Permitted Acquisitions, (c) for Capital Expenditures and (d) for working capital and other

general corporate purposes. No proceeds of the Loans are to be used, and no portion of any Letter of Credit is to be obtained, in any way that will violate Regulations U or X of the Board of Governors of the Federal Reserve System. The Borrowers will obtain Letters of Credit solely for general corporate purposes.

SS.6.16. ENVIRONMENTAL COMPLIANCE. The Borrowers have taken all necessary steps to investigate the past and present condition and usage of the Real Properties and the operations conducted thereon and, based upon such diligent investigation, have determined that, except as shown on SCHEDULE 6.16:

(a) none of the Borrowers or Excluded Subsidiaries, nor any operator of their properties, is in violation, or alleged violation, of any judgment, decree, order, law, permit, license, rule or regulation pertaining to environmental matters, including without limitation, those arising under RCRA, CERCLA, the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Federal Clean Water Act, the Federal Clean Air Act, the Toxic Substances Control Act, or any state or local or Canadian federal or provincial statute, regulation, ordinance, order or decree relating to health, safety or the environment (the "ENVIRONMENTAL LAWS"), which violation would have a material adverse effect on the business, assets or financial condition of the Parent and its Subsidiaries on a consolidated basis; and

(b) (i) except where it would not have a material adverse effect on the business, assets or financial condition of the Borrowers on a consolidated basis, no portion of the Real Property has been used for the handling, processing, storage or disposal of Hazardous Substances and no underground tank or other underground storage receptacle for Hazardous Substances is located on such properties; (ii) in the course of any activities conducted by the Borrowers, or, to the Borrowers' knowledge by any other operators of the Real Property, no Hazardous Substances have been generated or are being used on such properties; and (iii) to the Borrowers' knowledge, there have been no unpermitted Releases or threatened Releases of Hazardous Substances on, upon, into or from the Real Property.

SS.6.17. PERFECTION OF SECURITY INTERESTS. All filings, assignments, pledges and deposits of documents or instruments have been made or will be made and all other actions have been taken or will be taken that are necessary under applicable law, or reasonably requested by the Administrative Agent or any of the Lenders, to establish and perfect the Administrative Agent's security interests (as collateral agent for the Lenders and the Agents) in the Collateral to the extent required pursuant to ss.12. The Collateral and the Administrative Agent's rights (as collateral agent for the Lenders and the Agents) with respect to the Collateral are not subject to any setoff, claims, withholdings or other defenses, except for Permitted Liens. The Borrowers are the owners of the Collateral free from any lien, security interest, encumbrance and any other claim or demand, except for Permitted Liens.

SS.6.18. CERTAIN TRANSACTIONS. Except as set forth on SCHEDULE 6.18 or as permitted in ss.8.3, and except for arm's length transactions pursuant to which the Borrowers make payments in the ordinary course of business upon terms no less favorable than the Borrowers could obtain from third parties, none of the officers, directors, or employees of the Borrowers are presently a party to any transaction with the Borrowers (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or,

to the knowledge of the Borrowers, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner, the value of such transaction, when aggregated with all other such transactions occurring during the term of this Credit Agreement, exceeds \$5,000,000.

SS.6.19. SUBSIDIARIES. SCHEDULE 1 (as updated from time to time pursuant to ss.7.19) sets forth a complete and accurate list of the Parent's Subsidiaries, including the name of each Subsidiary and its jurisdiction of incorporation,

together with the number of authorized and outstanding shares of Capital Stock of each Subsidiary. Each Subsidiary is directly or indirectly wholly-owned by the Parent. The Parent or a Subsidiary of the Parent has good and marketable title to all of the shares it purports to own of the Capital Stock of each Subsidiary, free and clear in each case of any lien. All such shares of Capital Stock have been duly issued and are fully paid and non-assessable. Each Subsidiary of the Parent, other than the Excluded Subsidiaries, is a Borrower hereunder.

SS.6.20. CAPITALIZATION.

(a) CAPITAL STOCK. As of January 21, 2003, the authorized Capital Stock of the Parent consists of (i) 100,000,000 shares of Class A common stock (par value \$.01 per share) authorized of which 22,739,148 shares are outstanding, (ii) 1,000,000 shares of Class B common stock (par value \$.01 per share) authorized of which 988,200 shares are outstanding, and (iii) 1,000,000 shares of preferred stock (par value \$.01 per share) authorized of which 55,750 shares of Series A Preferred Stock are outstanding and held by the Series A Holders. All such outstanding shares of Capital Stock have been duly issued and are fully paid and non-assessable.

(b) OPTIONS, ETC. As of the Effective Date, except as set forth on SCHEDULE 6.20(B), no Person has outstanding any rights (either pre-emptive or other) or options (except for the options for common stock or other forms of equity-based compensation issued to employees, consultants or directors in accordance with a bona fide compensation plan approved by the Board of Directors of the Parent) to subscribe for or purchase from the Parent, or any warrants or other agreements providing for or requiring the issuance by the Parent of, any capital stock or any securities convertible into or exchangeable for its capital stock.

SS.6.21. TRUE COPIES OF CHARTER AND OTHER DOCUMENTS. The Borrowers have furnished the Administrative Agent copies, in each case true and complete as of the Effective Date, of (a) all charter and other incorporation or constituent documents (together with any amendments thereto) and (b) by-laws (or equivalent company documents) (together with any amendments thereto).

SS.6.22. DISCLOSURE. No representation or warranty made by the Borrowers in this Credit Agreement or in any agreement, instrument, document, certificate, statement or letter furnished to the Lenders or the Administrative Agent by or on behalf of or at the request of the Borrowers in connection with any of the transactions contemplated by the Loan Documents contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances in which they are made.

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SS.6.23. GUARANTEES OF EXCLUDED SUBSIDIARIES. Except as permitted under ss.8.1 or ss.8.3, no Borrower has executed a guarantee with respect to debt incurred by an Excluded Subsidiary.

SS.6.24. OBLIGATIONS CONSTITUTE "SENIOR DEBT". The Obligations of the Borrowers hereunder are and will continue to be "Senior Debt" and "Designated Senior Debt" under and as defined in the Indenture.

SS.7. AFFIRMATIVE COVENANTS OF THE BORROWERS. The Borrowers covenant and agree that, so long as any Obligation or any Letter of Credit is outstanding or the Lenders have any obligation to make Loans or the Issuing Lender has any obligation to issue, extend or renew any Letters of Credit hereunder, or the Lenders have any obligations to reimburse the Issuing Lender for drawings honored under any Letter of Credit hereunder:

SS.7.1. PUNCTUAL PAYMENT. Each Borrower will duly and punctually pay or cause to be paid the principal and interest on the Loans, all Reimbursement Obligations, fees and other amounts provided for in this Credit Agreement and the other Loan Documents for which it is liable, all in accordance with the terms of this Credit Agreement and such other Loan Documents.

SS.7.2. MAINTENANCE OF OFFICE. The Borrowers will maintain their chief executive offices at the locations set forth on the Perfection Certificates delivered pursuant to ss.10.12, or at such other place in the United States of

America as each Borrower shall designate upon thirty (30) days' prior written notice to the Administrative Agent.

SS.7.3. RECORDS AND ACCOUNTS. Each of the Borrowers will (a) keep true and accurate records and books of account in which full, true and correct entries will be made in accordance with GAAP and with the requirements of all regulatory authorities, (b) maintain adequate accounts and reserves for all taxes (including income taxes), depreciation, depletion, obsolescence and amortization of its properties, all other contingencies, and all other proper reserves and (c) at all times engage Pricewaterhouse Coopers LLP or other independent certified public accountants satisfactory to the Administrative Agent as the independent certified public accountants of the Parent and its Subsidiaries and will not permit more than thirty (30) days to elapse between the cessation of such firm's (or any successor firm's) engagement as the independent certified public accountants of the Parent and its Subsidiaries and the appointment in such capacity of a successor firm as shall be satisfactory to the Administrative Agent.

SS.7.4. FINANCIAL STATEMENTS, CERTIFICATES AND INFORMATION. The Borrowers will deliver to the Administrative Agent and each of the Lenders the following:

(a) as soon as practicable, but, in any event not later than ninety (90) days after the end of each fiscal year of the Borrowers, the consolidated balance sheets of the Borrowers and their Subsidiaries as at the end of such year, statements of cash flows, and the related consolidated statements of operations, setting forth in comparative form the figures for the previous fiscal year, all such consolidated financial statements to be in reasonable detail, prepared, in accordance with GAAP and Certified by the Accountants. In addition, simultaneously therewith, the Borrowers will use their best efforts to provide the Lenders with a written statement from such Accountants to the effect that the Borrowers are in compliance with the covenants set forth in ss.9 hereof, and that, in making the examination necessary to said certification, nothing has come to the attention of such Accountants that would indicate that any Default or Event of Default exists, or, if

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such accountants shall have obtained knowledge of any then existing Default or Event of Default they shall disclose in such statement any such Default or Event of Default; PROVIDED, that such Accountants shall not be liable to the Lenders for failure to obtain knowledge of any Default or Event of Default;

(b) as soon as practicable, but in any event not later than forty-five (45) days after the end of each fiscal quarter of the Borrowers, copies of the consolidated balance sheets and statement of operations of the Borrowers and their Subsidiaries as at the end of such quarter, subject to year end adjustments, and the related statement of cash flows, all in reasonable detail and prepared in accordance with GAAP with a certification by the principal financial or accounting officer of the Borrowers (the "CFO") that such consolidated financial statements were prepared in accordance with GAAP and fairly present the consolidated financial condition of the Borrowers and their Subsidiaries as at the close of business on the date thereof and the results of operations for the period then ended;

(c) simultaneously with the delivery of the financial statements referred to in (a) and (b) above, (i) a statement in the form of EXHIBIT C hereto (the "COMPLIANCE CERTIFICATE") certified by the CFO that the Borrowers are in compliance with the covenants contained in ss.7, ss.8 and ss.9 hereof As of the end of the applicable period setting forth in reasonable detail computations evidencing such compliance, PROVIDED that, if the Borrowers shall at the time of issuance of such certificate or at any other time obtain knowledge of any Default or Event of Default, the Borrowers will include in such Compliance Certificate or otherwise deliver forthwith to the Lenders a certificate specifying the nature and period of existence thereof and what action the Borrowers propose to take with respect thereto and attaching, in the event such Default or Event of Default relates to Environmental Matters, a certificate in the form attached hereto as EXHIBIT D (the "ENVIRONMENTAL COMPLIANCE CERTIFICATE");

(d) contemporaneously with, or promptly following, the filing or mailing thereof, copies of all material of a financial nature filed with the Securities and Exchange Commission or sent to the stockholders of the Parent or any of the Borrowers to the extent the same are not available on EDGAR;

(e) simultaneously with the delivery of the financial statements referred to in (a) and (b) above, copies of the Borrowers' revenue, EBITDA and pre-tax reports, all in reasonable detail and prepared in accordance with GAAP;

(f) as soon as practicable, but in any event not later than fifteen (15) days prior to the commencement of each fiscal year of the Borrowers and the Excluded Subsidiaries, a copy of the annual budget, projections and business plan for the Borrowers and the Excluded Subsidiaries for such fiscal year; and

(g) from time to time such other financial data and other information (including accountants' management letters) as the Lenders may reasonably request.

The Borrowers hereby authorize the Lenders to disclose any information obtained pursuant to this Credit Agreement to all appropriate governmental regulatory authorities where required by law; PROVIDED, HOWEVER, that the Lenders shall, to the extent practicable and allowable under law, notify the Borrowers within a reasonable period prior to the time any such disclosure is made; and PROVIDED FURTHER, this authorization shall not be deemed to be a waiver of

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any rights to object to the disclosure by the Lenders of any such information which any Borrower has or may have under the federal Right to Financial Privacy Act of 1978, as in effect from time to time.

SS.7.5. LEGAL EXISTENCE AND CONDUCT OF BUSINESS. Except where the failure of a Borrower to remain so qualified would not materially adversely impair the financial condition of the Borrowers on a consolidated basis, each Borrower will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence, legal rights and franchises; effect and maintain its foreign qualifications, licensing, domestication or authorization except as terminated by its Board of Directors in the exercise of its reasonable judgment; use its best efforts to comply with all applicable laws; and shall not become obligated under any contract or binding arrangement which, at the time it was entered into would materially adversely impair the financial condition of the Borrowers, on a consolidated basis. Each Borrower will continue to engage primarily in the businesses now conducted by it and in related businesses.

SS.7.6. MAINTENANCE OF PROPERTIES. The Borrowers will cause all material properties used or useful in the conduct of their businesses to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Borrowers may be necessary so that the businesses carried on in connection therewith may be properly and advantageously conducted at all times; PROVIDED, HOWEVER, that nothing in this section shall prevent any Borrower from discontinuing the operation and maintenance of any of its properties if such discontinuance is, in the judgment of such Borrower, desirable in the conduct of its or their business and which does not in the aggregate materially adversely affect the business of the Borrowers on a consolidated basis.

SS.7.7. INSURANCE. The Borrowers will maintain with financially sound and reputable insurance companies, funds or underwriters' insurance, including self-insurance, of the kinds, covering the risks and in the relative proportionate amounts usually carried by reasonable and prudent companies conducting businesses similar to that of the Borrowers. In addition, the Borrowers will furnish from time to time, upon the Administrative Agent's request, a summary of the insurance coverage of each of the Borrowers, which summary shall be in form and substance satisfactory to the Administrative Agent and, if requested by the Administrative Agent, will furnish to the

Administrative Agent copies of the applicable policies naming the Administrative Agent as a loss payee thereunder.

SS.7.8. TAXES. The Borrowers will each duly pay and discharge, or cause to be paid and discharged, before the same shall become overdue, all taxes, assessments and other governmental charges (other than taxes, assessments and other governmental charges imposed by jurisdictions other than the United States or Canada or a political division thereof which in the aggregate are not material to the business or assets of any Borrower on an individual basis or of the Borrowers on a consolidated basis) imposed upon it and its real properties, sales and activities, or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies, which if unpaid might by law become a lien or charge upon any of its property; PROVIDED, HOWEVER, that any such tax, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if such Borrower shall have set aside on its books adequate reserves with respect thereto; and PROVIDED, FURTHER, that such Borrower will pay all such taxes, assessments, charges, levies or claims forthwith upon the commencement of proceedings to foreclose any lien which may have attached as security therefor.

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SS.7.9. INSPECTION OF PROPERTIES, BOOKS, AND CONTRACTS. The Borrowers shall permit the Lenders, the Agents or any of their designated representatives, upon reasonable notice, to visit and inspect any of the properties of the Borrowers, to examine the books of account of the Borrowers (including the making of periodic accounts receivable reviews), or contracts (and to make copies thereof and extracts therefrom), and to discuss the affairs, finances and accounts of the Borrowers with, and to be advised as to the same by, their officers, all at such times and intervals as the Lenders or the Agents may reasonably request.

SS.7.10. COMPLIANCE WITH LAWS, CONTRACTS, LICENSES AND PERMITS; MAINTENANCE OF MATERIAL LICENSES AND PERMITS. Each Borrower will, and will cause the Excluded Subsidiaries to, (a) comply with the provisions of its charter documents, articles of incorporation, other constituent documents and by-laws and all agreements and instruments by which it or any of its properties may be bound; (b) comply with all applicable laws and regulations (including Environmental Laws), decrees, orders, judgments, licenses and permits, including, without limitation, all environmental permits hereto ("APPLICABLE LAWS"), except where noncompliance with such Applicable Laws would not have a material adverse effect in the aggregate on the consolidated financial condition, properties or businesses of the Borrowers and the Excluded Subsidiaries; (c) comply in all material respects with all agreements and instruments by which it or any of its properties may be bound; (d) maintain all material operating permits for all landfills now owned or hereafter acquired; and (e) dispose of hazardous waste only at licensed disposal facilities operating, to the best of such Borrower's knowledge after reasonable inquiry, in compliance with Environmental Laws. If at any time while the Notes, any Loan or Letter of Credit is outstanding or any Lender, the Issuing Lender or any Agent has any obligation to make Loans or issue Letters of Credit hereunder, any authorization, consent, approval, permit or license from any officer, agency or instrumentality of any government shall become necessary or required in order that any Borrower may fulfill any of its obligations hereunder, such Borrower will immediately take or cause to be taken all reasonable steps within the power of such Borrower to obtain such authorization, consent, approval, permit or license and furnish the Lenders with evidence thereof.

SS.7.11. ENVIRONMENTAL INDEMNIFICATION. The Borrowers covenant and agree that they will jointly and severally, in accordance with ss.5.9, indemnify and hold the Agents, the Issuing Lender and the Lenders, and their respective affiliates, agents, directors, officers and shareholders, harmless from and against any and all claims, expense, damage, loss or liability incurred by such indemnified parties (including all costs of legal representation incurred by such indemnified parties) relating to (a) any Release or threatened Release of Hazardous Substances on the Real Property; (b) any violation of any Environmental Laws with respect to conditions at the Real Property or the operations conducted thereon; or (c) the investigation or remediation of offsite locations at which the Borrowers, or their predecessors are alleged to have directly or indirectly Disposed of Hazardous Substances. It is expressly acknowledged by the Borrowers that this covenant of indemnification shall

survive any foreclosure or any modification, release or discharge of any or all of the Security Documents or the payment of the Loans and shall inure to the benefit of the Agents and the Lenders and their respective successors and assigns.

SS.7.12. FURTHER ASSURANCES. The Borrowers will cooperate with the Lenders and the Agents and execute such further instruments and documents as the Lenders or the Agents shall reasonably request to carry out to their satisfaction the transactions contemplated by this Credit Agreement.

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SS.7.13. NOTICE OF POTENTIAL CLAIMS OR LITIGATION. The Borrowers shall deliver to the Lenders and the Agents, within thirty (30) days of receipt thereof, written notice of the initiation of any action, claim, complaint, or any other notice of dispute or potential litigation (including without limitation any alleged violation of any Environmental Law), wherein the potential liability is in excess of \$2,500,000, or could otherwise reasonably be expected to have a material adverse effect on the business of the Borrowers as a whole, together with a copy of each such notice received by any Borrower or the Excluded Subsidiaries.

SS.7.14. NOTICE OF CERTAIN EVENTS CONCERNING INSURANCE AND ENVIRONMENTAL CLAIMS.

(a) The Borrowers will provide the Lenders and the Agents with written notice as to any material cancellation or material adverse change in any insurance of any of the Borrowers within ten (10) Business Days after such Borrower's receipt of any notice (whether formal or informal) of such material cancellation or material change by any of its insurers.

(b) The Borrowers will promptly notify the Lenders and the Agents in writing of any of the following events:

- (i) upon any Borrower's obtaining knowledge of any violation of any Environmental Law which violation could have a material adverse effect on the business, financial condition, or assets of the Borrowers on a consolidated basis;
- (ii) upon any Borrower's obtaining knowledge of any potential or known Release, or threat of Release, of any Hazardous Substance at, from, or into the Real Property which could materially affect the business, financial condition, or assets of the Borrowers on a consolidated basis;
- (iii) upon any Borrower's receipt of any notice of any material violation of any Environmental Law or of any Release or threatened Release of Hazardous Substances, including a notice or claim of liability or potential responsibility from any third party (including any federal, state, provincial, territorial or local governmental officials) and including notice of any formal inquiry, proceeding, demand, investigation or other action with regard to (A) any Borrower's or any Person's operation of the Real Property, (B) the presence or Release of Hazardous Substances on, from, or into the Real Property, or (C) investigation or remediation of offsite locations at which any Borrower or its predecessors are alleged to have directly or indirectly Released Hazardous Substances, and with respect to which the liability associated therewith could be reasonably expected to exceed \$2,500,000; or
- (iv) upon any Borrower's obtaining knowledge that any expense or loss which individually or in the aggregate exceeds \$1,000,000 has been incurred by such governmental authority in connection with the assessment, containment, removal or remediation of any Hazardous Substances with respect to which any Borrower may be liable or for which a lien may be imposed on the Real Property.

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SS.7.15. NOTICE OF DEFAULT. The Borrowers will promptly notify the Lenders and the Agents in writing of the occurrence of any Default or Event of Default. If any Person shall give any notice or take any other action in respect of a claimed default (whether or not constituting an Event of Default) under this Credit Agreement or any other note, evidence of Indebtedness, indenture or other obligation evidencing Indebtedness in excess of \$1,000,000 (including, without limitation, the Indenture) as to which any Borrower is a party or obligor, whether as principal or surety, the Borrowers shall forthwith give written notice thereof to the Lenders and the Agents, describing the notice of action and the nature of the claimed default.

SS.7.16. CLOSURE AND POST CLOSURE LIABILITIES. The Borrowers shall at all times adequately accrue, in accordance with GAAP, and fund, as required by applicable Environmental Laws, all closure and post closure liabilities with respect to the operations of the Borrowers.

SS.7.17. SUBSIDIARIES. The Parent shall at all times directly or indirectly through a Subsidiary own all of the shares of the Capital Stock of each Subsidiary of the Parent.

SS.7.18. INTEREST RATE PROTECTION. The Borrowers will, within ninety (90) days of the Effective Date, have a minimum aggregate amount of not less than 30% of the notional amount of Consolidated Total Funded Debt as of the Effective Date on a fixed rate long term basis (whether through Swap Contracts or as a result of having a fixed rate of interest by its terms) on terms and conditions reasonably acceptable to the Administrative Agent.

SS.7.19. ADDITIONAL BORROWERS. To the extent that such creation or acquisition is permitted under this Credit Agreement, all newly-created or newly-acquired Subsidiaries (other than Excluded Subsidiaries) shall become Borrowers hereunder by signing allonges to the Notes, entering into a joinder and affirmation to this Credit Agreement in substantially the form of EXHIBIT F attached hereto (a "JOINDER Agreement") providing that such Subsidiary shall become a Borrower hereunder, and providing such other documentation as the Lenders or the Administrative Agent may reasonably request including, without limitation, documentation with respect to conditions noted in ss.10 hereof. In such event, the Administrative Agent is hereby authorized by the parties to amend SCHEDULE 1 hereto to include such Subsidiary as a Borrower hereunder.

SS.8. CERTAIN NEGATIVE COVENANTS OF THE BORROWERS. The Borrowers covenant and agree that, so long as any Obligation or any Letter of Credit is outstanding or the Lenders have any obligation to make Loans or the Issuing Lender has any obligation to issue, extend or renew any Letters of Credit hereunder, or the Lenders have any obligations to reimburse the Issuing Lender for drawings honored under any Letter of Credit hereunder:

SS.8.1. RESTRICTIONS ON INDEBTEDNESS. None of the Borrowers or Excluded Subsidiaries shall become or be a guarantor or surety of, or otherwise create, incur, assume, or be or remain liable, contingently or otherwise, with respect to any Indebtedness, or become or be responsible in any manner (whether by agreement to purchase any obligations, stock, assets, goods or services, or to supply or advance any funds, assets, goods or services or otherwise) with respect to any undertaking or Indebtedness of any other Person, or incur any Indebtedness other than:

(a) Indebtedness of the Borrowers to the Lenders, the Issuing Lender and the Agents arising under this Credit Agreement and the Loan Documents;

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(b) Subject to ss.8.9, Seller Subordinated Debt not to exceed \$15,000,000 in aggregate outstanding principal amount at any time;

(c) Existing Indebtedness of the Borrowers with respect to loans and Capitalized Leases listed on SCHEDULE 8.1(C), on the terms and conditions in effect as of the date hereof, together with any renewals, extensions or refinancings thereof on terms which are not materially different than those in effect as of the Effective Date;

(d) Endorsements for collection, deposit or negotiation and warranties of products or services (including unsecured performance and payment bonds

("PERFORMANCE BONDS")), in each case incurred in the ordinary course of business;

(e) Indebtedness of the Borrowers incurred in connection with the acquisition or lease of any equipment by the Borrowers under any Synthetic Lease, Capitalized Lease or other lease arrangement or purchase money financing; PROVIDED that the aggregate outstanding principal amount of such Indebtedness of the Borrowers (including Indebtedness of such type listed on SCHEDULE 8.1(C)) shall not exceed \$30,000,000 at any time;

(f) Indebtedness of the Borrowers in respect of Swap Contracts satisfactory to the Administrative Agent;

(g) Indebtedness of the Borrowers under fuel price swaps, fuel price caps, and fuel price collar or floor agreements, and similar agreements or arrangements designed to protect against or manage fluctuations in fuel prices with respect to fuel purchased in the ordinary course of business of the Borrowers ("FUEL DERIVATIVES OBLIGATIONS"), PROVIDED that the aggregate notional amount of such agreements do not exceed \$10,000,000 outstanding at any time, the maturity of such agreements do not exceed thirty-six (36) months, and the terms are consistent with past practices of the Borrowers;

(h) Other unsecured Indebtedness incurred in connection with the acquisition by the Borrowers of real or personal property, including any Indebtedness incurred with respect to non-compete payments in connection with such acquisition(s), PROVIDED that the aggregate outstanding principal amount of such Indebtedness of the Borrowers shall not exceed \$15,000,000 at any time;

(i) Intercompany Indebtedness among the Borrowers;

(j) Indebtedness with respect to mandatory redemption obligations as set forth in the Series A Certificate and accrued dividends on the Borrower's preferred stock; PROVIDED that no Restricted Payments shall be made with respect to such Indebtedness during the term of this Credit Agreement except as set forth in ss.8.6 hereof, or as otherwise permitted by the prior written consent of the Required Lenders;

(k) Senior Subordinated Debt not to exceed \$250,000,000 in aggregate principal amount;

(l) Surety and similar bonds and completion bonds and bid guarantees provided by or issued on behalf of the Borrowers with respect to the closure, final-closure

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and post-closure liabilities related to landfills owned or operated by the Borrowers; PROVIDED that the aggregate amount of such Indebtedness shall not exceed \$70,000,000 at any time outstanding;

(m) indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the Permitted Acquisitions or permitted dispositions of Capital Stock or assets of the Borrowers; PROVIDED that the maximum aggregate liability in respect of all such obligations shall at no time exceed the gross proceeds, including non-cash proceeds, (the fair market value of such non-cash proceeds being measured at the time received or paid and without giving effect to any subsequent changes in value) actually received or paid by the Borrowers in connection with such Permitted Acquisition or disposition;

(n) Indebtedness arising in connection with (i) the acquisition by the Parent of the Capital Stock of Hardwick Landfill, Inc., a Massachusetts corporation ("HARDWICK"), pursuant to the terms of that certain Stock Purchase Agreement, dated as of January 3, 2003 (the "HARDWICK PURCHASE AGREEMENT"), by and among the Parent, Hardwick and the shareholders of Hardwick; PROVIDED that the original principal amount of such Indebtedness does not exceed \$2,000,000, and (ii) the exercise by any Borrower of the option to purchase the Capital Stock or the assets of Roach Enterprises, LLC pursuant to the terms and conditions set forth in the Purchase Option Agreement attached as EXHIBIT D to the Hardwick Purchase Agreement (the "HARDWICK OPTION AGREEMENT"); PROVIDED that the original principal amount

of such Indebtedness does not exceed 25% of the Base Purchase Price (as defined in the Hardwick Option Agreement), and is calculated as set forth in the applicable provisions of the Hardwick Option Agreement; and

(o) Guarantees of Indebtedness permitted pursuant to this ss.8.1 made by any of thE Borrowers or their Subsidiaries, the amount of such guarantees not to exceed the amount of the underlying Indebtedness.

SS.8.2. RESTRICTIONS ON LIENS. None of the Borrowers or Excluded Subsidiaries will create or incur or suffer to be created or incurred or to exist any lien, encumbrance, mortgage, pledge, negative pledge, charge, restriction or other security interest of any kind upon any property or assets of any character, whether now owned or hereafter acquired, or upon the income or profits therefrom; or transfer any of such property or assets or the income or profits therefrom for the purpose of subjecting the same to the payment of Indebtedness or performance of any other obligation in priority to payment of its general creditors; or acquire, or agree or have an option to acquire, any property or assets upon conditional sale or other title retention or purchase money security agreement, device or arrangement; or suffer to exist for a period of more than thirty (30) days after the same shall have been incurred any Indebtedness or claim or demand against it which if unpaid might by law or upon bankruptcy or insolvency, or otherwise, be given any priority whatsoever over its general creditors; or sell, assign, pledge or otherwise transfer any accounts, contract rights, general intangibles or chattel paper, with or without recourse, EXCEPT as follows (the "PERMITTED LIENS"):

(a) Liens on property to secure Indebtedness permitted under ss.8.1(e) hereof, provided that such Liens (i) shall encumber only the specific equipment being financed or leased, (ii) shall not exceed the fair market value thereof and (iii) shall not encumber property with an aggregate value in excess of \$30,000,000;

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(b) Liens to secure taxes, assessments and other government charges or claims for labor, material or supplies in respect of obligations not overdue and government liens in existence less than 90 days from the date of creation thereof to secure taxes, assessments, charges, levies or claims being contested in good faith by appropriate proceedings if the Borrower shall have set aside on its books adequate reserves with respect thereto;

(c) Deposits or pledges made in connection with, or to secure payment of, workmen's compensation, unemployment insurance, old age pensions or other social security obligations;

(d) Liens of carriers, warehousemen, mechanics and materialmen, and other like liens, in existence less than 120 days from the date of creation thereof in respect of obligations not overdue;

(e) Encumbrances consisting of easements, rights of way, zoning restrictions, restrictions on the use of Real Property and defects and irregularities in the title thereto, landlord's or lessor's liens under leases to which any Borrower is a party, and other minor liens or encumbrances none of which in the opinion of the respective Borrower interferes materially with the use of the property affected in the ordinary conduct of the business of such Borrower, which defects do not individually or in the aggregate have a material adverse effect on the business of such Borrower individually or of the Borrowers on a consolidated basis;

(f) Liens existing as of the date hereof securing Indebtedness permitted under ss.8.1(c) hereof and listed on SCHEDULE 8.2(F) hereto;

(g) Liens granted pursuant to the Security Documents to secure the Obligations (provided that secured Obligations hereunder with respect to Fuel Derivatives Obligations with Lenders shall not exceed \$10,000,000 in the aggregate); and

(h) Liens granted (i) on the Capital Stock of Hardwick to secure the Indebtedness permitted under ss.8.1(n) (i) and the contingent royalty payment obligations of the Parent under thE Hardwick Purchase Agreement; PROVIDED that such Liens shall be subordinated and second in priority to the Administrative Agent's first priority Liens on such Capital Stock

pursuant to the provisions of the Collateral Pledge Agreement attached as EXHIBIT E to the Hardwick Purchase Agreement and a Subordination Agreement in the form of EXHIBIT E to the Existing Credit Agreement, with such changes as the Administrative Agent has previously approved, (ii) on the Capital Stock of Roach Enterprises, LLC or the Borrower exercising the option under the Hardwick Option Agreement and securing the Indebtedness permitted under ss.8.1(n)(ii) and the contingent royalty payment obligations of such Borrower under the Hardwick Option Agreement, and (iii) on landfills acquired by a Borrower securing the landfill royalty payment obligations of such Borrower so long as the Administrative Agent shall have been granted a first mortgage on such landfills; PROVIDED, that, in the case of each of clause (ii) and (iii) above, such Liens shall be subordinated and second in priority to the Administrative Agent's first priority Liens on the Capital Stock or landfills, as applicable, on terms and conditions satisfactory in all respects to the Administrative Agent.

SS.8.3. RESTRICTIONS ON INVESTMENTS. None of the Borrowers shall make or permit to exist or to remain outstanding any other Investment other than:

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(a) Investments in obligations of the United States of America or Canada and agencies thereof and obligations guaranteed by the United States of America or Canada that are due and payable within one (1) year from the date of acquisition;

(b) certificates of deposit, time deposits, bankers' acceptances or repurchase agreements which are fully insured or are issued by commercial banks organized under the laws of the United States of America or any state thereof or Canada and having total assets in excess of \$1,000,000,000;

(c) commercial paper maturing not more than nine (9) months from the date of issue, PROVIDED that, at the time of purchase, such commercial paper is not rated lower than "P-1" by Moody's or "A-1" by S & P;

(d) Investments associated with insurance policies required or allowed by state or provincial law to be posted as financial assurance for landfill closure and post-closure liabilities;

(e) Investments by any Borrower in any wholly-owned Subsidiary which is also a Borrower;

(f) Investments existing on the Effective Date and listed on SCHEDULE 8.3(F) hereto;

(g) any money market account, short-term asset management account or similar investment account maintained with one of the Lenders;

(h) loans made to employees in an aggregate amount not to exceed \$2,000,000 at any time outstanding;

(i) up to \$10,000,000 in Investments in the Insurance Subsidiary at any time outstanding;

(j) Existing Investments in the Excluded Subsidiaries (other than the Insurance Subsidiary) listed on SCHEDULE 8.3(F) hereto;

(k) Investments made after the Effective Date in the Cellulose Joint Venture and the New Heights Investment to the extent that the aggregate amount of such Investments does not exceed the aggregate amount of actual cash dividends and cash partnership or limited liability company distributions received by the Borrowers therefrom since the Effective Date;

(l) Investments in the form of Permitted Acquisitions permitted pursuant to ss.8.4.1; and

(m) other Investments not to exceed \$15,000,000 in the aggregate at any time outstanding (including, without limitation, Investments made after the Effective Date in the Cellulose Joint Venture and the New Heights Investment in excess of actual cash dividends and partnership or limited liability company distributions received by the Borrowers from the Cellulose Joint Venture and the New Heights Investment after the Effective

Date);

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PROVIDED; that none of the Borrowers shall make or permit to exist or to remain outstanding any Investment in any Subsidiary unless both before and after giving effect thereto there does not exist a Default or Event of Default and no Default or Event of Default would be created by the making of such Investment.

SS.8.4. MERGERS, CONSOLIDATIONS, SALES.

ss.8.4.1. MERGERS AND ACQUISITIONS. The Borrowers will not become a party to any merger, amalgamation, or consolidation, or agree to or effect any asset acquisition or stock acquisition (other than the acquisition of assets in the ordinary course of business consistent with past practices) except the merger or consolidation of, or asset or stock acquisitions between, existing Borrowers and except as otherwise provided in this ss.8.4.1. The Borrowers may purchase or otherwise acquire all or substantially all of the assets or stock or other equity interests of any other Person (a "PERMITTED ACQUISITION") PROVIDED THAT:

(a) the Borrowers are in current compliance with and, giving effect to the proposed acquisition (including any borrowings made or to be made in connection therewith), will continue to be in compliance with all of its covenants and agreements contained in this Credit Agreement, including the financial covenants in ss.9 hereof on a pro forma historical combined basis as if the transaction occurred on the first day of the period of measurement;

(b) at the time of such acquisition, no Default or Event of Default has occurred and is continuing, and such acquisition will not otherwise create a Default or an Event of Default hereunder;

(c) the business to be acquired is predominantly in the same lines of business as the Borrowers, or businesses reasonably related or incidental thereto (e.g., non-hazardous solid waste collection, transfer, hauling, recycling, or disposal);

(d) the business to be acquired operates predominantly in the United States or Canada;

(e) (i) in the case of an asset acquisition, all of the assets acquired shall be acquired by an existing Borrower or a newly-created Subsidiary of the Parent, which Subsidiary shall become a Borrower hereunder in accordance with ss.7.19, and 100% of its Capital Stock and its assets shall be pledged simultaneously with such acquisition to the Administrative Agent for the benefit of the Lenders and the Agents or, (ii) in the case of an acquisition of Capital Stock, the acquired company, simultaneously with such acquisition, shall become a Borrower in accordance with ss.7.19 and 100% of its Capital Stock and its assets shall be pledged simultaneously with such acquisition to the Administrative Agent for the benefit of the Lenders and the Agents or the acquired company shall be merged or amalgamated with and into a wholly-owned Subsidiary that is a Borrower and such newly-acquired or newly-created Subsidiary shall otherwise comply with the provisions of ss.7.19 hereof;

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(f) if the total consideration in connection with any such acquisition, including the aggregate amount of all liabilities assumed, but excluding the payment of all fees and expenses relating to such purchase, exceeds \$5,000,000 (a "MATERIAL ACQUISITION"), then not later than seven (7) days prior to the proposed acquisition date, the Borrowers shall furnish the Administrative Agent with (i) a copy of the purchase agreement, (ii) its audited (if available, or otherwise unaudited) financial statements for the preceding two (2) fiscal years or such shorter period of time as such entity or division has been in existence, (iii) a summary of the Borrowers' results of their standard due diligence review, (iv) in the case of a landfill acquisition or if the target company owns a landfill, a review by

a Consulting Engineer and a copy of the Consulting Engineer's report, (v) a Compliance Certificate demonstrating compliance with ss.9 on a pro forma historical combined basis as if the transaction occurred on the first day of the period of measurement, (vi) written evidence that the board of directors and (if required by applicable law) the shareholders, or the equivalent thereof, of the business to be acquired have approved such acquisition, and (vii) such other information as the Administrative Agent may reasonably request, which in each case shall be in form and substance acceptable to the Administrative Agent;

(g) the board of directors and (if required by applicable law) the shareholders, or the equivalent thereof, of the business to be acquired shall have approved such acquisition;

(h) if such acquisition is made by a merger or amalgamation, a Borrower, or a wholly-owned Subsidiary of the Parent (which may be the acquired company) which shall become a Borrower in connection with such merger, shall be the surviving entity; and

(i) cash consideration to be paid by any Borrower in connection with any acquisition or series of related acquisitions (including cash deferred payments, contingent or otherwise, and the aggregate amount of all liabilities assumed or, in the case of a stock acquisition, including all liabilities of the target company) shall not exceed \$15,000,000 without the consent of the Administrative Agent and the Required Lenders.

SS.8.4.2. DISPOSITIONS OF ASSETS. Except as otherwise provided in this ss.8.4.2, none of the Borrowers will become a party to or agree to or effect any disposition of assets; PROVIDED that, subject to ss.4.4.1, so long as no Default or Event of Default has occurred and is continuing, during the term of this Credit Agreement, the Borrowers may (a) sell or transfer assets in connection with an asset swap having an aggregate fair market value not in excess of 5% of Consolidated Total Assets (the "Basket"), for fair and reasonable value, as determined by the board of directors of the Parent in good faith and evidenced by a resolution of such directors which shall be delivered by the Parent to the Administrative Agent prior to the consummation of such sale or transfer, and, in the case of an asset swap, so long as such asset swap in the reasonable business judgement of the Parent does not have a material adverse effect on the business or financial condition of the Borrowers and (b) sell the Capital Stock or assets of the Specified Entities. Notwithstanding the foregoing, the sale of inventory, the licensing of intellectual property and the disposition of obsolete assets or assets that are no longer useful, in each case in the ordinary course of business consistent with past practices, are permitted hereunder without being charged against the Basket.

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SS.8.5. SALE AND LEASEBACK. None of the Borrowers shall enter into any arrangement, directly or indirectly, whereby any Borrower shall sell or transfer any property owned by it in order then or thereafter to lease such property or lease other property which such Borrower intends to use for substantially the same purpose as the property being sold or transferred, without the prior written consent of the Required Lenders.

SS.8.6. RESTRICTED PAYMENTS. None of the Borrowers will make any Restricted Payments except that, (a) any Subsidiary may declare or pay cash Distributions to the Parent, (b) the Parent may cause quarterly Distributions on its preferred stock (including the Series A Preferred Stock) to accrue and be added to the liquidation value of such preferred stock, and (c) the Parent may convert all or a portion of the Series A Preferred Stock into shares of its common stock; PROVIDED, however, that such conversion shall not be made unless permitted under the terms of the Senior Subordinated Debt Documents. In addition, except as otherwise expressly permitted in this ss.8.6, the Borrowers shall not prepay, redeem, convert, retire, repurchase or otherwise acquire shares of any class of Capital Stock (including the Series A Preferred Stock) of the Borrowers or Excluded Subsidiaries without the prior written consent of the Administrative Agent and the Required Lenders.

SS.8.7. EMPLOYEE BENEFIT PLANS. None of the Borrowers nor any ERISA Affiliate will:

(a) engage in any "prohibited transaction" within the meaning of ss.406

of ERISA or ss.4975 of the Code which could result in a material liability for any Borrower; or

(b) permit any Guaranteed Pension Plan to incur an "accumulated funding deficiency", as such term is defined in ss.302 of ERISA, whether or not such deficiency is or may be waived; or

(c) fail to contribute to any Guaranteed Pension Plan to an extent which, or terminate any Guaranteed Pension Plan in a manner which, could result in the imposition of a lien or encumbrance on the assets of any Borrower pursuant to ss.302(f) or ss.4068 of ERISA; or

(d) amend any Guaranteed Pension Plan in circumstances requiring the posting of security pursuant to ss.307 of ERISA or ss.401(a)(29) of the Code;

(e) permit or take any action which would result in the aggregate benefit liabilities (with the meaning of ss.4001 of ERISA) of all Guaranteed Pension Plans exceeding the value of the aggregate assets of such Plans, disregarding for this purpose the benefit liabilities and assets of any such Plan with assets in excess of benefit liabilities.

The Borrowers will (i) promptly upon filing the same with the Department of Labor or Internal Revenue Service, furnish to the Lenders a copy of the most recent actuarial statement required to be submitted under ss.103(d) of ERISA and Annual Report, Form 5500, with all required attachments, in respect of each Guaranteed Pension Plan and (ii) promptly upon receipt or dispatch, furnish to the Lenders any notice, report or demand sent or received in respect of a Guaranteed Pension Plan under ss.302, 4041, 4042, 4043, 4063, 4065, 4066 and 4068 of ERISA, or in respect of a Multiemployer Plan, under ss.4041A, 4202, 4219, or 4245 of ERISA.

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SS.8.8. PREPAYMENTS OF CERTAIN OBLIGATIONS; MODIFICATIONS OF SUBORDINATED DEBT. None of the Borrowers will, nor will they permit their Subsidiaries to, (a) amend, supplement or otherwise modify the terms of any Subordinated Debt; PROVIDED, that the Borrowers may amend, supplement or otherwise modify the terms of any Seller Subordinated Debt with the consent of the Administrative Agent if, in the judgment of the Administrative Agent, such amendments, supplements or modifications do not adversely effect the rights of the Lenders, or (b) prepay, redeem or repurchase or issue any notice or offer of redemption with respect to, elect to make, or effect, a defeasance with respect to, or take any other action which would require the Borrowers or any of their Subsidiaries to, prepay, redeem or repurchase any of the Subordinated Debt, (c) make any payments with respect to any Seller Subordinated Debt other than scheduled payments of principal and interest as and to the extent permitted under the applicable Subordination Agreements, PROVIDED that no Default or Event of Default shall have occurred or be continuing on the date of such payment, nor would be created by the making of such payment, or (d) make any payments with respect to any Senior Subordinated Debt other than scheduled payments of interest as and to the extent permitted under the Indenture, PROVIDED that no Default or Event of Default shall have occurred or be continuing on the date of such payment, nor would be created by the making of such payment.

SS.8.9. NEGATIVE PLEDGES AND UPSTREAM LIMITATIONS. The Borrowers will not, nor will they permit their Subsidiaries to (a) enter into or permit to exist any agreement or arrangement (excluding this Credit Agreement, the other Loan Documents and the Indenture) which directly or indirectly prohibits the creation or assumption or incurrence by the Borrowers or their Subsidiaries of any lien or security interest upon their properties (other than prohibitions on liens for particular assets set forth in a security instrument in connection with secured Indebtedness permitted by ss.8.1(e) to the extent such prohibition relates only to such assets and the granting or effect of such liens does not otherwise constitute a Default or Event of Default), revenues or assets, whether now owned or hereafter acquired, or (b) enter into any agreement, contract or arrangement (excluding this Credit Agreement, the other Loan Documents and the Indenture) restricting the ability of (i) the Borrowers to amend or modify this Credit Agreement or any other Loan Document, or (ii) any Borrower or its Subsidiaries to pay or make dividends or distributions in cash or kind to any Borrower or to make loans, advances or other payments of whatsoever nature to any Borrower or to make transfers or distributions of all or any part of such Borrower's or such Subsidiary's assets to a Borrower; in each case other than

(x) restrictions on specific assets which assets are the subject of purchase money security interests to the extent permitted under ss.8.1(e), and (y) customary anti-assignment provisions contained in leases and licensing agreements entered into by such Borrower or such Subsidiary in the ordinary course of its business.

SS.8.10. TRANSACTIONS WITH AFFILIATES. The Borrowers will not, and will not permit any of their Subsidiaries to, engage in any transaction with any Affiliate (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any such Affiliate or, to the knowledge of the Borrowers, any corporation, partnership, trust or other entity in which any such Affiliate has a substantial interest or is an officer, director, trustee or partner, on terms more favorable to such Person than would have been obtainable on an arm's-length basis in the ordinary course of business.

SS.8.11. BUSINESS ACTIVITIES. The Borrowers will not, and will not permit any of their Subsidiaries to, engage directly or indirectly (whether through Subsidiaries or

otherwise) in any type of business other than the businesses conducted by them on the Effective Date and in related businesses or in connection with the acquisition of Greenfiber.

SS.8.12. NO OTHER SENIOR DEBT. The Borrowers (a) have not designated, and will not designate, any Indebtedness of the Borrowers or any of their Subsidiaries as "Designated Senior Debt" for purposes of (and as defined in) the Indenture, other than the Obligations, and (b) have no "Senior Debt" as such term is defined in the Indenture other than the Obligations and the Indebtedness permitted under ss.8.1 which ranks pari passu with the Obligations.

SS.8.13. ACTIONS OTHERWISE PROHIBITED BY SUBORDINATED DEBT. Notwithstanding anything contained in this ss.8 that permits the Borrowers or any of their Subsidiaries to enter into transactions or take certain actions, the Borrowers shall not enter into such transactions or take such actions if otherwise prohibited from so doing by the terms of the Senior Subordinated Debt outstanding from time to time.

SS.9. FINANCIAL COVENANTS.

The Borrowers covenant and agree that, so long as any Obligation or any Letter of Credit is outstanding or the Lenders have any obligation to make Loans, or the Issuing Lender has any obligation to issue, extend or renew any Letters of Credit hereunder, or the Lenders have any obligations to reimburse the Issuing Lender for drawings honored under any Letter of Credit hereunder:

SS.9.1. INTEREST COVERAGE RATIO. As at the end of any fiscal quarter ended on or during any period set forth in the table below, the ratio of (a) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ended on the date of calculation to (b) Consolidated Total Interest Expense for such period shall not be less than the stated ratio set forth opposite such period in such table:

PERIOD	INTEREST COVERAGE RATIO
Effective Date through April 30, 2005	2.60:1.00
May 1, 2005 and thereafter	2.70:1.00

SS.9.2. PROFITABLE OPERATIONS. The Borrowers will not permit, as at the

end of any fiscal quarter, the cumulative Consolidated Adjusted Net Income for the period of two consecutive fiscal quarters then ended to be less than \$0.

SS.9.3. CONSOLIDATED TOTAL FUNDED DEBT TO CONSOLIDATED EBITDA. As at the end of any fiscal quarter, the ratio of (a) Consolidated Total Funded Debt as of such date to (b) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ending on the date of calculation shall not exceed 4.50:1.00.

SS.9.4. CONSOLIDATED SENIOR FUNDED DEBT TO CONSOLIDATED EBITDA. As at the end of any fiscal quarter, the ratio of (a) Consolidated Senior Funded Debt as of such date to (b) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ending on the date of calculation shall not exceed 3.00:1.00.

SS.9.5. CONSOLIDATED NET WORTH. The Borrowers will not permit Consolidated Net Worth at any time to be less than the sum of (a) \$237,526,000 MINUS (b) \$62,825,000 PLUS (c) on a cumulative basis, fifty percent (50%) of positive Consolidated Adjusted

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Net Income (after the payment of dividends with respect to any preferred stock of the Parent) for each fiscal quarter beginning with the fiscal quarter ended July 31, 2002, PLUS (d) one hundred percent (100%) of the proceeds of any sale by the Borrowers after the Effective Date of (i) equity securities issued by the Borrowers, or (ii) warrants or subscription rights for equity securities issued by the Borrowers.

SS.9.6. CAPITAL EXPENDITURES. The Borrowers will not permit, as at the end of any fiscal quarter, the amount of Capital Expenditures (excluding any Permitted Acquisitions) made by the Borrowers for the period of four (4) consecutive fiscal quarters then ended to exceed 1.5 MULTIPLIED BY the sum of depreciation and landfill amortization expense for such four (4) fiscal quarter period (calculated in accordance with GAAP).

SS.10. CLOSING CONDITIONS. The "EFFECTIVE DATE" shall be such date on which all of the conditions precedent set forth in this ss.10 have been met. The obligations of the Existing Lenders to convert their claims against the Borrowers with respect to the Existing Credit Agreement into claims under this Credit Agreement, the obligations of the New Lenders to become parties to this Credit Agreement, and the obligations of all Lenders to make the initial Loans provided for in this Credit Agreement and otherwise be bound by the terms hereof, and of the Issuing Lender to issue any Letters of Credit hereunder, shall be subject to the satisfaction of each of the following conditions precedent:

SS.10.1. CORPORATE ACTION. All corporate action necessary for the valid execution, delivery and performance by each Borrower of the Loan Documents and the Senior Subordinated Debt Documents shall have been duly and effectively taken, and evidence thereof satisfactory to the Administrative Agent shall have been provided to the Administrative Agent.

SS.10.2. LOAN DOCUMENTS; SENIOR SUBORDINATED DEBT DOCUMENTS. (a) Each of the Loan Documents shall have been duly and properly authorized, executed and delivered by the respective parties thereto and shall be in full force and effect in a form satisfactory to the Lenders and (b) each of the Senior Subordinated Debt Documents shall have been duly and properly authorized, executed and delivered by the respective parties thereto, and shall be in full force and effect in form and substance satisfactory to the Agents.

SS.10.3. OFFICER'S CERTIFICATE; CERTIFIED COPIES OF CHARTER DOCUMENTS. For each Borrower, the Administrative Agent shall have received a copy, certified by a duly authorized officer of such Person to be true and complete on the Effective Date, of each of (a) its charter or other incorporation or constituent documents (including certificates of merger or amalgamation and name changes) as in effect on such date of certification, and (b) its by-laws (or equivalent company documents) as in effect on such date.

SS.10.4. INCUMBENCY CERTIFICATE. The Administrative Agent shall have received an incumbency certificate from each Borrower, dated as of the Effective Date, signed by duly authorized officers giving the name and bearing a specimen

signature of each individual who shall be authorized: (a) to sign the Loan Documents and the Senior Subordinated Debt Documents on behalf of the Borrowers; (b) to make Loan and Letter of Credit Requests and Conversion Requests; and (c) to give notices and to take other action on the Borrowers' behalf under the Loan Documents.

SS.10.5. VALIDITY OF LIENS. The Security Documents shall be effective to create in favor of the Administrative Agent (as collateral agent for the Lenders) a legal, valid and enforceable first priority, perfected (except in the case of Real Property and motor vehicles as set

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forth in ss.12) security interest in and lien upon the Collateral, subject only to Permitted Liens. All filings, recordings, deliveries of instruments and other actions necessary or desirable in the opinion of the Administrative Agent to protect and preserve such security interests, shall have been duly effected. The Administrative Agent shall have received evidence thereof in form and substance satisfactory to the Administrative Agent.

SS.10.6. CERTIFICATES OF INSURANCE. The Administrative Agent shall have received (a) a certificate of insurance from an independent insurance broker, dated as of the Effective Date, or within fifteen (15) days prior thereto, identifying insurers, types of insurance, insurance limits, and policy terms, and otherwise describing the insurance obtained in accordance with the provisions of the Security Documents and (b) copies of all policies evidencing such insurance.

SS.10.7. OPINION OF COUNSEL. The Lenders shall have received favorable legal opinions from counsel to the Borrowers addressed to the Administrative Agent, for the benefit of the Lenders, dated the Effective Date, in form and substance satisfactory to the Administrative Agent.

SS.10.8. PAYMENT OF FEES. The Borrowers shall have paid to the Administrative Agent for the accounts of the Lenders or its own account, as applicable, all fees and expenses that are due and payable as of the Effective Date and shall have paid the fees and disbursements of counsel to the Administrative Agent.

SS.10.9. PAYOFF. The Administrative Agent shall have received satisfactory evidence of the cancellation and payment in full of the Existing Credit Agreement.

SS.10.10. FINANCIAL STATEMENTS.

(a) The Lenders shall have received the financial projections of the Borrowers and its Subsidiaries, in form and substance satisfactory to the Agents and the Co-Arrangers, for the period from the Effective Date through April 30, 2008.

(b) The Agents shall have received a satisfactory day-one balance sheet and sources and uses of funds, showing the effects of the Senior Subordinated Debt and compliance with all terms and conditions of this Credit Agreement, including the covenants in ss.9 hereof.

SS.10.11. FINANCIAL CONDITION. The Administrative Agent shall have received a certificate of a duly authorized officer of the Parent, dated as of the Effective Date, and in form and detail satisfactory to the Agents and the Lenders, demonstrating that the ratio of (a) Consolidated Total Funded Debt on the Effective Date to (b) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters most recently ended prior to the Effective Date, after giving effect, on a pro forma basis, to the transactions contemplated by this Credit Agreement, including the issuance of the Senior Subordinated Debt, does not exceed 3.75:1.00.

SS.10.12. PERFECTION CERTIFICATES AND UCC SEARCH RESULTS. The Administrative Agent shall have received from each of the Borrowers a completed and fully-executed Perfection Certificate and the results of UCC searches (and the equivalent thereof in all applicable foreign jurisdictions) with respect to the Collateral, indicating no Liens other than Permitted Liens and otherwise in form and substance satisfactory to the Administrative Agent.

SS.10.13. ISSUANCE OF SENIOR SUBORDINATED DEBT. The Borrowers shall have issued Senior Subordinated Debt in principal amount at least equal to one hundred fifty million Dollars (\$150,000,000) and shall have used the proceeds thereof to repay a portion of the obligations outstanding under the Existing Credit Agreement and the related transaction costs.

SS.11. CONDITIONS OF ALL LOANS. The obligations of the Lenders to make any Loan and of the Issuing Lender to issue, extend or renew any Letter of Credit, in each case on and subsequent to the Effective Date is subject to the following conditions precedent:

SS.11.1. REPRESENTATIONS TRUE; NO EVENT OF DEFAULT. Each of the representations and warranties of the Borrowers contained in this Credit Agreement or in any document or instrument delivered pursuant to or in connection with this Credit Agreement shall be true as of the date as of which they were made and shall also be true at and as of the time of the making of the Loans and the issuance, extension or renewal of Letters of Credit with the same effect as if made at and as of that time (except to the extent of changes resulting from transactions contemplated or permitted by this Credit Agreement and changes occurring in the ordinary course of business which singly or in the aggregate are not materially adverse, and to the extent that such representations and warranties relate expressly to an earlier date) and no Default or Event of Default shall have occurred and be continuing.

SS.11.2. PERFORMANCE; NO EVENT OF DEFAULT. The Borrowers shall have performed and complied with all terms and conditions herein required to be performed or complied with by them prior to or at the time of the making of any Loan or issuance, extension or renewal of any Letter of Credit and at the time of the making of any Loan or issuance, extension or renewal of any Letter of Credit, there shall exist no Event of Default or condition which would result in an Event of Default upon consummation of such Loan or Letter of Credit issuance. Each request by the Borrowers for a Loan or Letter of Credit subsequent to the initial Loans and Letters of Credit shall constitute certification by the Borrowers that the conditions specified in ss.ss.11.1 And 11.2 will be duly satisfied on the date of such Loan or Letter of Credit issuance.

SS.11.3. NO LEGAL IMPEDIMENT. No change shall have occurred in any law or regulations thereunder or interpretations thereof which in the reasonable opinion of the Lenders would make it illegal for the Lenders to make Loans or the Issuing Lender to issue, extend or renew Letters of Credit hereunder.

SS.11.4. PROCEEDINGS AND DOCUMENTS. All proceedings in connection with the transactions contemplated by this Credit Agreement shall be satisfactory to the Administrative Agent and all documents incident thereto shall have been delivered to the Administrative Agent as of the Effective Date in substance and in form satisfactory to the Lenders, including without limitation, a Letter of Credit and Loan Request, in the form attached hereto as EXHIBIT B, and the Lenders shall have received all information and such counterpart originals or certified or other copies of such documents as the Lenders may reasonably request.

SS.12. COLLATERAL SECURITY. The Obligations shall be secured by (a) a perfected (except in the case of Real Property and motor vehicles, subject to the following proviso) first-priority security interest (subject to Permitted Liens entitled to priority under applicable law) in all assets of each Borrower, whether now owned or hereafter acquired, pursuant to the terms of the Security Agreement to which each Borrower is a party; (b) a pledge of 100% of the capital stock or other equity interests of such Borrowers (other than the Parent) to the Administrative Agent on behalf of the Lenders and the Agents pursuant to the Pledge Agreement; and (c) a pledge of 65% of the capital stock or other equity interests of each Foreign Subsidiary; PROVIDED

that the Borrowers hereby agree, upon the request of the Administrative Agent and the Required Lenders, to deliver, as promptly as practicable, but in any event within sixty (60) days, titles to motor vehicles and mortgages with

respect to Real Property and take such other steps as may be reasonably requested (including, without limitation, the delivery of legal opinions, Consulting Engineer's reports and title insurance) so as to provide the Administrative Agent, for the benefit of the Lenders and the Agents, a perfected first-priority security interest in such assets.

SS.13. EVENTS OF DEFAULT; ACCELERATION; TERMINATION OF COMMITMENT.

SS.13.1. EVENTS OF DEFAULT AND ACCELERATION. If any of the following events ("EVENTS OF DEFAULT" or, if the giving of notice or the lapse of time or both is required, then, prior to such notice and/or lapse of time, "DEFAULTS") shall occur:

(a) if the Borrowers shall fail to pay any principal of the Loans or any Reimbursement Obligation when the same shall become due and payable, whether at the Revolving Credit Maturity Date, the Term Loan Maturity Date or any accelerated date of maturity or at any other date fixed for payment;

(b) if the Borrowers shall fail to pay any interest or fees or other amounts owing hereunder within five (5) Business Days after the same shall become due and payable whether at the Revolving Credit Maturity Date, the Term Loan Maturity Date or any accelerated date of maturity or at any other date fixed for payment;

(c) if the Borrowers shall fail to comply with any of the covenants contained in ss.7 (other than ss.ss.7.2, 7.3, 7.6, 7.7, 7.8, 7.9, 7.12, 7.14, 7.16, 7.17, and 7.18), ss.8 or ss.9 hereof;

(d) if the Borrowers shall fail to perform any term, covenant or agreement contained herein or in any of the other Loan Documents (other than those specified in subsections (a), (b), and (c) above) within thirty (30) days after written notice of such failure has been given to the Borrowers by the Lenders;

(e) if any representation or warranty contained in this Credit Agreement or in any document or instrument delivered pursuant to or in connection with this Credit Agreement shall prove to have been false in any material respect upon the date when made or repeated;

(f) if any Borrower or Excluded Subsidiary shall fail to pay at maturity, or within any applicable period of grace, any and all obligations for borrowed money or any guaranty with respect thereto or credit received or in respect of any Capitalized Leases, in each case, in an aggregate amount greater than \$1,000,000 (including, without limitation, the Indebtedness evidenced by the Indenture), or fail to observe or perform any material term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing borrowed money or credit received or in respect of any Capitalized Leases in an aggregate amount greater than \$1,000,000 (including, without limitation, the Indenture) for such period of time as would permit, assuming the giving of appropriate notice if required, the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof;

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(g) if any Borrower or Excluded Subsidiary makes an assignment for the benefit of creditors, or admits in writing its inability to pay or generally fails to pay its debts as they mature or become due, or petitions or applies for the appointment of a trustee or other custodian, liquidator, receiver or receiver/manager of any Borrower or Excluded Subsidiary or of any substantial part of the assets of any Borrower or Excluded Subsidiary or commences any case or other proceeding relating to any Borrower or Excluded Subsidiary under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law of any jurisdiction, now or hereafter in effect, or takes any action to authorize or in furtherance of any of the foregoing, or if any such petition or application is filed or any such case or other proceeding is commenced against any Borrower or Excluded Subsidiary and any Borrower or Excluded Subsidiary indicates its approval thereof, consent thereto or acquiescence therein;

(h) a decree or order is entered appointing any such trustee,

custodian, liquidator, receiver or receiver/manager or adjudicating any Borrower or Excluded Subsidiary bankrupt or insolvent, or approving a petition in any such case or other proceeding, or a decree or order for relief is entered in respect of any Borrower or Excluded Subsidiary in an involuntary case under federal bankruptcy laws as now or hereafter constituted, and such decree or order remains in effect for more than sixty (60) days, whether or not consecutive;

(i) if there shall remain in force, undischarged, unsatisfied and unstayed, for more than forty-five (45) days, whether or not consecutive, any final judgment against any Borrower or Excluded Subsidiary which, with other outstanding final judgments, against the Borrowers and Excluded Subsidiaries exceeds in the aggregate \$2,500,000 after taking into account any undisputed insurance coverage;

(j) any Borrower or Excluded Subsidiary or any ERISA Affiliate incurs any liability to the PBGC or similar Canadian authorities or a Guaranteed Pension Plan (or any corresponding plan described in any Applicable Canadian Pension Legislation) pursuant to Title IV of ERISA in an aggregate amount exceeding \$1,000,000, or any Borrower or Excluded Subsidiary or any ERISA Affiliate is assessed withdrawal liability pursuant to Title IV of ERISA by a Multiemployer Plan requiring aggregate annual payments exceeding \$1,000,000, or any of the following occurs with respect to a Guaranteed Pension Plan (or any corresponding plan described in any Applicable Canadian Pension Legislation): (i) an ERISA Reportable Event or similar event under Applicable Canadian Pension Legislation, or a failure to make a required installment or other payment (within the meaning of ss.302(f)(1) of ERISA), PROVIDED THAT the Administrative Agent determines in its reasonable discretion that such event (A) could be expected to result in liability of any Borrower or Excluded Subsidiary to the PBGC, similar Canadian authorities or such Plan in an aggregate amount exceeding \$1,000,000 and (B) could constitute grounds for the termination of such Plan by the PBGC or similar Canadian authorities, for the appointment by the appropriate United States District Court or Canadian Court of a trustee to administer such Plan or for the imposition of a lien in favor of such Plan; or (ii) the appointment by a United States District Court or Canadian Court of a trustee to administer such Plan; or (iii) the institution by the PBGC or similar Canadian authorities of proceedings to terminate such Plan;

(k) if any of the Loan Documents shall be cancelled, terminated, revoked or rescinded otherwise than in accordance with the terms thereof or with the express prior

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written agreement, consent or approval of the Lenders, or any action at law, suit or in equity or other legal proceeding to cancel, revoke or rescind any of the Loan Documents shall be commenced by or on behalf of the Borrowers or any of their respective stockholders, or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents is illegal, invalid or unenforceable in accordance with the terms thereof;

(l) any Person or group of Persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under said Act) of 25% or more of the outstanding shares of common stock of the Parent (other than Berkshire Partners LLC); or, during any period of twelve consecutive calendar months, individuals who were directors of the Parent on the first day of such period shall cease to constitute a majority of the board of directors of the Parent;

(m) a "CHANGE OF CONTROL" as defined in the Series A Certificate shall occur; or

(n) a "CHANGE OF CONTROL" as defined in the Indenture shall occur;

then, and in any such event, so long as the same may be continuing, the Administrative Agent shall upon the request of the Required Lenders, by notice in writing to the Borrowers, declare all amounts owing with respect

to this Credit Agreement, the Notes and the other Loan Documents and all Reimbursement Obligations to be, and they shall thereupon forthwith become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrowers; PROVIDED that in the event of any Event of Default specified in ss.13.1(g) or 13.1(h), all such amounts shall become immediately due and payable automatically and without any requirement of notice from the Administrative Agent or any Lender. Upon demand by the Required Lenders after the occurrence of any Event of Default, the Borrowers shall immediately provide to the Administrative Agent cash in an amount equal to the aggregate Maximum Drawing Amount of all Letters of Credit outstanding, to be held by the Administrative Agent as collateral security for the Obligations.

SS.13.2. TERMINATION OF COMMITMENTS. If any one or more of the Events of Default specified in ss.13.1(g) or (h) shall occur, any unused portion of the Total Commitment hereunder shall forthwith terminate and the Lenders shall be relieved of all obligations to make Loans to, or issue Letters of Credit for the account of, any of the Borrowers. If any other Event of Default shall have occurred and be continuing, or if on any Drawdown Date the conditions precedent to the making of the Loans to be made on such Drawdown Date or the issuance of any Letters of Credit to be issued on such date are not satisfied (except as a consequence of a default on the part of the Lenders), the Administrative Agent may, and upon request of the Required Lenders, shall, by notice to the Borrowers, terminate the unused portion of the Total Commitment hereunder, and upon such notice being given, such unused portion of the Total Commitment hereunder shall terminate immediately and the Lenders shall be relieved of all further obligations to make Loans to, or issue Letters of Credit for, the account of the Borrowers hereunder. No termination of any portion of the Total Commitment hereunder shall relieve the Borrowers of any of their existing Obligations to the Lenders hereunder or elsewhere.

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SS.13.3. REMEDIES. Subject to ss.15.8, in case any one or more of the Events of Default shall have occurred and be continuing, and whether or not the Lenders shall have accelerated the maturity of the Loans pursuant to ss.13.1, each Lender with the consent of the Required Lenders, if owed any amount with respect to the Loans or the Reimbursement Obligations, may proceed to protect and enforce its rights by suit in equity, action at law or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Credit Agreement and the other Loan Documents or any instrument pursuant to which the Obligations to such Lender are evidenced, including, without limitation, as permitted by applicable law, the obtaining of the EX PARTE appointment of a receiver, and, if such amount shall have become due, by declaration or otherwise, proceed to enforce the payment thereof or any legal or equitable right of such Lender. No remedy herein conferred upon any Lender or the Agents or the holder of any Note or purchaser of any Letter of Credit Participation is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or any other provision of law.

SS.13.4. DISTRIBUTION OF COLLATERAL PROCEEDS. In the event that, following the occurrence or during the continuance of any Default or Event of Default, the Administrative Agent or any Lender, as the case may be, receives any monies in connection with the enforcement of any of the Security Documents, or otherwise with respect to the realization upon any of the Collateral, such monies shall be distributed for application as follows:

(a) FIRST, to the payment of, or (as the case may be) the reimbursement of the Administrative Agent for or in respect of all reasonable costs, expenses, disbursements and losses which shall have been incurred or sustained by the Administrative Agent in connection with the collection of such monies by the Administrative Agent, for the exercise, protection or enforcement by the Administrative Agent of all or any of the rights, remedies, powers and privileges of the Administrative Agent under this Agreement or any of the other Loan Documents or in respect of the Collateral or in support of any provision of adequate indemnity to the Administrative Agent against any taxes or liens which by law shall have, or may have, priority over the rights of the Administrative Agent to such monies;

(b) SECOND, to all other Obligations pari passu among the Administrative Agent and the Lenders; PROVIDED, HOWEVER, that (i) distributions shall be made with respect to each type of Obligation owing to the Lenders, such as interest, principal, fees and expenses, among the Lenders on a PRO RATA basis, and (ii) the Administrative Agent may in its discretion make proper allowance to take into account any Obligations not then due and payable;

(c) THIRD, upon payment and satisfaction in full or other provisions for payment in full satisfactory to the Lenders and the Administrative Agent of all of the Obligations, to the payment of any obligations required to be paid pursuant to ss.9-608(a)(1)(C) or 9-615(a)(3) of the Uniform Commercial Code of the Commonwealth of Massachusetts; and

(d) FOURTH, the excess, if any, shall be returned to the Borrowers or to such other Persons as are entitled thereto.

SS.14. SETOFF. The Borrowers hereby grant to the Agents, the Issuing Lender and each of the Lenders A continuing lien, security interest and right of setoff as security for all liabilities

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and obligations to the Agents, the Issuing Lender and each Lender, whether now existing or hereafter arising, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of such Agent, the Issuing Lender or such Lender or any of their Affiliates and their respective successors and assigns or in transit to any of them. Regardless of the adequacy of any collateral, if any of the Obligations are due and payable and have not been paid or during the continuance of an Event of Default, any deposits or other sums credited by or due from any Lender or the Administrative Agent to the Borrowers and any securities or other property of the Borrowers in the possession of such Lender or the Administrative Agent may be applied to or set off against the payment of the Obligations and any and all other liabilities, direct, or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, of the Borrowers to the Lenders. ANY AND ALL RIGHTS TO REQUIRE ANY LENDER TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF THE BORROWERS ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED. Each of the Lenders agrees with each other Lender that if such Lender shall receive from the Borrowers any amount in respect of the Obligations, whether by voluntary payment, exercise of the right of setoff, counterclaim, cross action, enforcement of the claim evidenced by the Loan Documents, by proceedings against the Borrowers at law or in equity or by proof thereof in bankruptcy, reorganization, liquidation, receivership or similar proceedings, or otherwise, and shall retain and apply to the payment of the Obligations owed to such Lender any amount in excess of its ratable portion of the payments received by all of the Lenders with respect to the Obligations owed to all of the Lenders, such Lender will make such disposition and arrangements with the other Lenders with respect to such excess, either by way of distribution, PRO TANTO assignment of claims, subrogation or otherwise as shall result in each Lender receiving in respect of the Obligations such Lender's proportionate payment as contemplated by this Credit Agreement; PROVIDED that if all or any part of such excess payment is thereafter recovered from such Lender, such disposition and arrangements shall be rescinded and the amount restored to the extent of such recovery, but without interest.

SS.15. THE AGENTS.

SS.15.1. APPOINTMENT, POWERS AND IMMUNITIES.

(a) Each Lender hereby irrevocably appoints and authorizes Fleet to act as the Administrative Agent and BOA to act as Syndication Agent hereunder and under the other Loan Documents. Each Lender irrevocably authorizes the Administrative Agent to execute the Security Documents and all other instruments relating thereto and to take from time to time any action with respect to any Collateral or the Security Documents which may be necessary to perfect, maintain perfected or insure the priority of the security interest in and liens upon the Collateral granted pursuant to the Security Documents, and authorizes the Agents to take such other action on behalf of

each of the Lenders and to exercise all such powers as are delegated to the Agents hereunder and under any of the other Loan Documents and all related documents, together with such other powers as are reasonably incidental thereto, PROVIDED that no duties or responsibilities not expressly assumed herein or therein shall be implied to have been assumed by the Agents.

(b) The relationship between the Agents and each of the Lenders is that of an independent contractor. The use of the terms "ADMINISTRATIVE AGENT" and "SYNDICATION

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AGENT" is for convenience only and is used to describe, as a form of convention, the independent contractual relationship between the Agents and each of the Lenders. Nothing contained in this Credit Agreement nor the other Loan Documents shall be construed to create an agency, trust or other fiduciary relationship between the Agents and any of the Lenders. As an independent contractor empowered by the Lenders to exercise certain rights and perform certain duties and responsibilities hereunder and under the other Loan Documents, the Agents are nevertheless "REPRESENTATIVES" of the Lenders, as that term is defined in Article 1 of the Uniform Commercial Code, for purposes of actions for the benefit of the Lenders and the Agents with respect to all collateral security and guaranties contemplated by the Loan Documents. Such actions include the designation of the Administrative Agent as "SECURED PARTY", "MORTGAGEE" or the like on all financing statements and other documents and instruments, whether recorded or otherwise, relating to the attachment, perfection, priority or enforcement of any security interests, mortgages or deeds of trust in collateral security intended to secure the payment or performance of any of the Obligations, all for the benefit of the Lenders and the Agents.

(c) The Administrative Agent and the Syndication Agent may exercise their powers and execute their duties by or through employees or agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such employees, agents or attorneys-in-fact selected by it with reasonable care. The Agents shall be entitled to take, and to rely on, advice of counsel concerning all matters pertaining to their rights and duties under this Credit Agreement and the other Loan Documents. Each Agent may utilize the services of such Persons as it in its sole discretion may reasonably determine, and all reasonable fees and expenses of any such Persons shall be paid by the Borrowers.

(d) Neither of the Agents nor any of their respective shareholders, directors, officers or employees nor any other Person assisting them in their duties nor any agent or employee thereof, shall be liable for any waiver, consent or approval given or any action taken, or omitted to be taken, in good faith by it or them hereunder or under any of the other Loan Documents, or in connection herewith or therewith, or be responsible for the consequences of any oversight or error of judgment whatsoever, except that the Agents or such other Person, as the case may be, may be liable for losses due to their willful misconduct or gross negligence.

(e) Each Agent in its separate capacity as a Lender shall have the same rights and powers hereunder as any other Lender. It is agreed that the duties, rights, privileges and immunities of the Issuing Lender, in its capacity as issuer of Letters of Credit hereunder, shall be identical to its duties, rights, privileges and immunities as a Lender as provided in this ss.15.

SS.15.2. ACTIONS BY AGENTS. The Agents shall be fully justified in failing or refusing to take any action under this Credit Agreement as they reasonably deem appropriate unless they shall first have received such advice or concurrence of the Lenders and shall be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by them by reason of taking or continuing to take any such action. The Agents shall in all cases be fully protected in acting, or in refraining from acting, under this Credit Agreement or any of the Loan Documents in accordance with a request of the Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and all future holders of the Notes or any Letter of Credit Participation.

SS.15.3. INDEMNIFICATION OF AGENTS. Without limiting the obligations of the Borrowers hereunder or under any other Loan Document, the Lenders agree to indemnify the Agents and their respective affiliates, agents, directors, officers and shareholders, and ratably in accordance with their respective Loan Percentages for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements or any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against the Agents in any way relating to or arising out of this Credit Agreement or any other Loan Document or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or the enforcement of any of the terms hereof or thereof or of any such other documents; PROVIDED, THAT no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of such Agent (or any agent thereof).

SS.15.4. REIMBURSEMENT FOR ADVANCES MADE BY ADMINISTRATIVE AGENT. Without limiting the provisions of ss.15.3, the Lenders and the Administrative Agent hereby agree that the Administrative Agent shall not be obliged to make available to any Person any sum which the Administrative Agent is expecting to receive for the account of that Person until the Administrative Agent has determined that it has received that sum. The Administrative Agent may, however, disburse funds prior to determining that the sums which the Administrative Agent expects to receive have been finally and unconditionally paid to the Administrative Agent, if the Administrative Agent wishes to do so. If and to the extent that the Administrative Agent does disburse funds and it later becomes apparent that the Administrative Agent did not then receive a payment in an amount equal to the sum paid out, then any Person to whom the Administrative Agent made the funds available shall, on demand from the Administrative Agent, refund to the Administrative Agent the sum paid to that Person. If, in the opinion of the Administrative Agent, the distribution of any amount received by it in such capacity hereunder or under the Loan Documents might involve it in liability, it may refrain from making distribution until its right to make distribution shall have been adjudicated by a court of competent jurisdiction. If a court of competent jurisdiction shall adjudge that any amount received and distributed by the Administrative Agent is to be repaid, each Person to whom any such distribution shall have been made shall either repay to the Administrative Agent its proportionate share of the amount so adjudged to be repaid or shall pay over the same in such manner and to such Persons as shall be determined by such court.

SS.15.5. CLOSING DOCUMENTATION, ETC. For purposes of determining compliance with the conditions set forth in ss.10, each Lender that has executed this Credit Agreement shall be deemed to have consented to, approved or accepted, or to be satisfied with, each document and matter either sent, or made available, by the Agents or the Co-Arrangers to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be to be consent to or approved by or acceptable or satisfactory to such Lender, unless an officer of such Agent or such Co-Arranger active upon the Borrowers' account shall have received notice from such Lender prior to the Effective Date specifying such Lender's objection thereto and such objection shall not have been withdrawn by notice to such Agent or such Co-Arranger to such effect on or prior to the Effective Date. The Administrative Agent will forward to each Lender, promptly after the Administrative Agent's receipt thereof, a copy of each notice or other document furnished to the Administrative Agent for such Lender hereunder; PROVIDED, HOWEVER, that, notwithstanding the foregoing, the Administrative Agent may furnish to the Lenders a monthly summary with respect to Letters of Credit issued hereunder in lieu of copies of the related Letter of Credit Applications.

SS.15.6. NON-RELIANCE ON AGENTS AND OTHER LENDERS. Each Lender represents that it has, independently and without reliance on either Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of the financial condition and affairs of the Borrowers and decision to enter into this Credit Agreement and the other Loan Documents and agrees that it will, independently and without reliance upon either Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own appraisals and

decisions in taking or not taking action under this Credit Agreement or any other Loan Document. The Agents shall not be responsible for the due execution or validity or enforceability of this Credit Agreement, the Notes, the Letters of Credit, any of the other Loan Documents or any instrument at any time constituting, or intended to constitute, collateral security for the Notes, or for the value of any such collateral security or for the validity, enforceability or collectability of any such amounts owing with respect to the Notes, or for any recitals or statements, warranties or representations made herein or in any of the other Loan Documents or in any certificate or instrument hereafter furnished to it by or on behalf of the Borrowers, or be bound to ascertain or inquire as to the performance or observance by the Borrowers of any of the terms, conditions, covenants or agreements in this Credit Agreement, the other Loan Documents or any other document referred to or provided for herein or therein or to make inquiry of, or to inspect the properties or books of, any Person. The Agents shall not be bound to ascertain whether any notice, consent, waiver or request delivered to it by the Borrowers or any holder of any of the Notes shall have been duly authorized or is true, accurate and complete. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Agents hereunder, the Agents shall not have any duty or responsibility to provide any Lender with any credit or other information concerning any Person which may come into the possession of the Agents or any of their affiliates. The Agents have not made nor do they now make any representations or warranties, express or implied, nor do they assume any liability to the Lenders, with respect to the credit worthiness or financial conditions of the Borrowers. Each Lender shall have access to all documents relating to each Agent's performance of its duties hereunder at such Lender's request. Unless any Lender shall promptly object to any action taken by an Agent hereunder (other than actions to which the provisions of ss.15.8 are applicable and other than actions which constitute gross negligencE or willful misconduct by such Agent), such Lender shall conclusively be presumed to have approved the same.

SS.15.7. RESIGNATION. The Administrative Agent may resign at any time by giving sixty (60) days' prior written notice thereof to the Lenders and the Borrowers. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Lender Agent, which shall be a financial institution which shall be a financial institution having a rating of not less than "A" or its equivalent by S&P. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's resignation, the provisions of this Credit Agreement shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent. Any new Administrative Agent appointed pursuant to this ss.15.7 shall immediately issue new Letters of Credit in place of Letters of Credit previously issued by the prior Administrative Agent.

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SS.15.8. ACTION BY THE LENDERS, CONSENTS, AMENDMENTS, WAIVERS, ETC. Any consent or approval required or permitted by this Credit Agreement to be given by the Lenders may be given, and any term of this Credit Agreement, the other Loan Documents or any other instrument related hereto or mentioned herein may be amended, and the performance or observance by the Borrower or any of its Subsidiaries of any terms of this Credit Agreement, the other Loan Documents or such other instrument or the continuance of any Default or Event of Default may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Borrowers and the written consent of the Required Lenders. Notwithstanding the foregoing, no amendment, waiver or consent shall:

(a) without the written consent of the Borrowers and each Lender directly affected thereby:

(i) reduce or forgive the principal amount of any Loans or

Reimbursement Obligations, or reduce the rate of interest on the Notes or the amount of the Commitment Fee, Financial L/C Fee or Performance L/C Fee;

- (ii) increase the amount of such Lender's Commitment or extend the expiration date of such Lender's Commitment;
- (iii) postpone or extend the Revolving Credit Maturity Date or the Term Loan Maturity Date or any other regularly scheduled dates for payments of principal of, or interest on, the Loans or Reimbursement Obligations or any fees or other amounts payable to such Lender (it being understood that any vote to rescind any acceleration made pursuant to ss.13.1 of amounts owing with respect to the Loans and other Obligations shall require only the approval of the Required Lenders);
- (iv) other than pursuant to a transaction permitted by the terms of this Credit Agreement, release (A) all or substantially all of the Collateral (excluding, if any Borrower becomes a debtor under the federal Bankruptcy Code, the release of "cash collateral", as defined in Section 363(a) of the federal Bankruptcy Code pursuant to a cash collateral stipulation with the debtor approved by the Required Lenders) or (B) any Borrower from its Obligations; and
- (v) amend or modify the provisions of ss.4.4 (Mandatory Prepayments of Term Loan), ss.13.4 (Distribution of Collateral Proceeds) or ss.27(a) (Pari Passu Treatment);

(b) without the written consent of all of the Lenders, amend or waive this ss.15.8 or the definition of Required Lenders;

(c) without the written consent of the Administrative Agent, amend or waive ss.2.8 or ss.15, the amount or time of payment of the Administrative Agent's fees payable for the Administrative Agent's account or any other provision applicable to the Administrative Agent; or

(d) without the written consent of the Issuing Lender, amend or waive, the amount or time of payment of any Financial L/C Fees or Performance L/C Fees or other

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fees payable for the Issuing Lender's account or any other provision applicable to the Issuing Lender.

No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon. No course of dealing or delay or omission on the part of the Administrative Agent or any Lender in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon the Borrowers shall entitle the Borrowers to other or further notice or demand in similar or other circumstances.

SS.16. EXPENSES. Whether or not the transactions contemplated herein shall be consummated, the BorrowerS hereby promise to pay (a) the reasonable costs of producing and reproducing this Credit Agreement, the other Loan Documents and the other agreements and instruments mentioned herein, (b) subject to ss.5.2(d), any taxes (including any interest and penalties in respect thereto) payable by either Agent, the Issuing Lender or any of the Lenders (other than taxes based upon such Agent's, the Issuing Lender's or any Lender's net income) on or with respect to the transactions contemplated by this Credit Agreement (the Borrowers hereby agreeing to indemnify the Agents, the Issuing Lender and the Lenders with respect thereto), (c) all reasonable fees, expenses and disbursements of counsel for the Agents or any local counsel to the Administrative Agent incurred or expended in connection with the preparation, syndication, negotiation, administration or interpretation of this Credit Agreement, the other Loan Documents, each closing hereunder, any amendment, modification, approval, consent or waiver hereto or hereunder, or the cancellation of any Loan Document upon payment in full in cash of all of the Obligations or pursuant to any terms of such Loan Document providing for such cancellation, (d) all reasonable out-of-pocket costs, fees and expenses of the Agents or any of their affiliates incurred in connection with the preparation, syndication, administration or interpretation of the Loan Documents and other instruments mentioned herein

(including, without limitation, collateral evaluation costs and Consulting Engineer's fees), (e) all reasonable out-of-pocket expenses (including, without limitation, reasonable attorneys' fees and costs, which attorneys may be employees of any Lender or the Administrative Agent, and reasonable consulting, accounting, appraisal, investment banker and similar professional fees and charges) incurred by any Lender or the Administrative Agent in connection with (i) the enforcement of, or preservation of rights under, any of the Loan Documents against the Borrowers or the administration thereof after the occurrence of a Default or Event of Default and (ii) any litigation, proceeding or dispute, whether arising hereunder or otherwise, in any way related to the credit hereunder and (f) all reasonable fees, expenses and disbursements of any Lender or the Administrative Agent incurred in connection with UCC searches, UCC filings, intellectual property searches or intellectual property filings. The covenants contained in this ss.16 shall survive payment or satisfaction in full of all other obligations.

SS.17. INDEMNIFICATION. The Borrowers jointly and severally agree to indemnify and hold harmless the Agents, the Issuing Lender and the Lenders, as well as their respective shareholders, directors, agents, officers, subsidiaries, affiliates, trustees and advisors, from and against all damages, losses, settlement payments, obligations, liabilities, claims, actions, suits (whether groundless or otherwise), penalties, assessments, citations, directives, demands, judgments, actions or causes of action, whether statutory created or under the common law, and reasonable costs and expenses incurred, suffered, sustained or required to be paid by an indemnified party by reason of or resulting from this Credit Agreement, the other Loan Documents or the transactions contemplated hereby or thereby including, without limitation, (a) any actual or proposed use by the Borrower or any of its Subsidiaries of the proceeds of any of the Loans or Letters of Credit, (b) the Borrowers entering into or performing this Credit Agreement or any of the other Loan Documents or (c) with respect to the Borrowers and their

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respective properties and assets, the violation of any Environmental Law, the presence, disposal, escape, seepage, leakage, spillage, discharge, emission, Release or threatened Release of any Hazardous Substances or any action, suit, proceeding or investigation brought or threatened with respect to any Hazardous Substances (including, but not limited to, claims with respect to wrongful death, personal injury or damage to property), in each case including, without limitation, the reasonable fees and disbursements of counsel and allocated costs of internal counsel incurred in connection with any such investigation, litigation or other proceeding, except in each case, as any of the foregoing result from the gross negligence or willful misconduct of the indemnified party. In any investigation, proceeding or litigation, or the preparation therefor, each Lender shall be entitled to select its own counsel and, in addition to the foregoing indemnity, the Borrowers agree to pay promptly the reasonable fees and expenses of such counsel. In the event of the commencement of any such proceeding or litigation, the Borrowers shall be entitled to participate in such proceeding or litigation with counsel of their choice at their expense, PROVIDED that such counsel shall be reasonably satisfactory to the Lenders. The covenants of this ss.17 shall survive payment or satisfaction in full of the Obligations.

SS.18. SURVIVAL OF COVENANTS, ETC. Unless otherwise stated herein, all covenants, agreements, representations and warranties made herein, in the other Loan Documents or in any documents or other papers delivered by or on behalf of the Borrowers pursuant hereto shall be deemed to have been relied upon by the Lenders, the Issuing Lender and the Agents, notwithstanding any investigation heretofore or hereafter made by any of them, and shall survive the making by the Lenders of the Loans and the issuance, extension or renewal of any Letters of Credit, as herein contemplated, and shall continue in full force and effect so long as any amount due under this Credit Agreement, any Letter of Credit or the Notes remains outstanding and unpaid or any Lender has any obligation to make any Loans or issue any Letters of Credit hereunder. All statements contained in any certificate or other paper delivered by or on behalf of the Borrowers pursuant hereto or in connection with the transactions contemplated hereby shall constitute representations and warranties by the Borrowers hereunder.

SS.19. ASSIGNMENTS AND PARTICIPATION.

(a) ASSIGNMENTS. It is understood and agreed that each Lender shall have the right to assign at any time all or any portion of its Commitment and

interests in the risk relating to any Revolving Credit Loans and outstanding Letters of Credit and/or its Term Loan Percentage of the Term Loan to any Person, PROVIDED that: (i) each such assignment shall be in a minimum amount of \$1,000,000 (or, if less, in a minimum amount equal to all of such Lender's Commitment and interests in the risk relating to any Revolving Credit Loans and outstanding Letters of Credit and/or its Term Loan Percentage of the Term Loan); (ii) the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Parent, shall have consented to such assignment, which such consent of the Parent shall not be unreasonably withheld; PROVIDED that the consent of the Administrative Agent and the Parent shall not be required, and the minimum assignment amount shall not apply, if the assignment is to a Lender or a Lender Affiliate so long as such assignment would not result in increased costs to the Borrowers hereunder; and (iii) the proposed assignee and the assigning Lender execute and deliver to the Administrative Agent and the Borrowers hereunder an Assignment and Acceptance in the form attached hereto as EXHIBIT G (in each case, an "ASSIGNMENT AND ACCEPTANCE"). Upon the execution and delivery of such Assignment and Acceptance, (A) the Borrowers shall issue to the assignee applicable Notes in the amount of such assignee's Commitment and/or portion of the Term Loan, dated the effective date of such Assignment and Acceptance and otherwise completed in substantially the form of the Notes executed and delivered to the Lenders on the Effective Date and, if applicable, the assignor shall return to the Borrowers its existing Notes marked "cancelled"; and (B) the assignee shall

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pay a processing and recordation fee of \$3,500 to the Administrative Agent. Only one such assignment fee shall be payable for concurrent assignments to Lender Affiliates of an assigning Lender.

(b) PARTICIPATIONS. Each Lender shall also have the right to grant participations to one or more banks, other financial institutions or other entities whose business is to purchase and sell loan assets in the normal course (each a "PARTICIPANT") in or to all or any part of any Loans owing to such Lender and the Note held by such Lender; PROVIDED that (i) any such sale or participation shall not affect the rights and duties of the selling Lender hereunder to the Borrowers and (ii) the only rights granted to the Participant pursuant to such participation arrangements with respect to waivers, amendments or modifications of the Loan Documents shall be the rights to approve waivers, amendments or modifications that would require consent by all of the Lenders under ss.15.8, and (iii) any Participant shall be entitled to the benefits of ss.5.4, ss.5.5, ss.5.8, ss.5.12 and ss.17 as if it were a Lender hereunder, PROVIDED, however, that no Borrower shall be required to pay any amount which is greater than such amount that otherwise would have been payable to the Lender which sold such participation.

(c) MISCELLANEOUS. Notwithstanding the foregoing, no assignment, participation or accession shall operate to (i) except in accordance with ss.19(g), increase the Total Commitment or amount of the Term Loan hereunder unless consented to by the Required Lenders or (ii) reduce the Commitment or portion of the Term Loan of any Lender to an amount less than \$1,000,000 (or, if less, in a minimum amount equal to all of such Lender's Commitment and interests in the risk relating to any Revolving Credit Loans and outstanding Letters of Credit or its Term Loan Percentage of the Term Loan), or (iii) otherwise alter the substantive terms of this Credit Agreement. Anything contained in this ss.19 to the contrary notwithstanding, any Lender may at any time grant A security interest in all or any portion of its rights under this Credit Agreement and the other Loan Documents to secure obligations of such Lender, including without limitation (a) any pledge or assignment to secure obligations to any of the twelve Federal Reserve Banks organized under ss.4 of the Federal Reserve Act, 12 U.S.C. ss.341 and (b) with respect to any Lender that is a Fund, to any lender or any trustee for, or any other representative of, holders of obligations owed or securities issued by such Fund as security for such obligations or securities or any institutional custodian for such Fund or for such lender; PROVIDED that no such grant shall release such Lender from any of its obligations hereunder, provide any voting rights hereunder to the secured party thereof, substitute any such secured party for such Lender as a party hereto or affect any rights or obligations of the Borrowers or Agents hereunder.

(d) REGISTER. On the date specified in any Assignment and Acceptance or Instrument of Accession and upon the satisfaction of the other conditions set forth in this ss.19, such bank or financial institution shall become a party to

this Credit Agreement and the other Loan Documents for all purposes of this Credit Agreement and the other Loan Documents, and its Commitment and/or portion of the Term Loan shall be as set forth in the register of Lenders (the "REGISTER") maintained by the Administrative Agent for the recordation of the names and addresses of the Lenders and the Commitment Percentage of, Term Loan Percentage of, and principal amount of the Loans owing to and Letter of Credit Participations purchased by, the Lenders from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrowers, the Administrative Agent and the Lenders may treat each person whose name is recorded in the Register as a Lender hereunder for all purposes of this Credit Agreement. The Register shall be available for inspection by the Borrowers and the Lenders at any reasonable time and from time to time upon reasonable prior notice.

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(e) ASSIGNEE OR PARTICIPANT AFFILIATED WITH A BORROWER. If any assignee Lender is an Affiliate of any Borrower, then any such assignee Lender shall have no right to vote as a Lender hereunder or under any of the other Loan Documents for purposes of granting consents or waivers or for purposes of agreeing to amendments or other modifications to any of the Loan Documents or for purposes of making requests to the Administrative Agent pursuant to ss.13.1 or ss.13.2, and the determination of the Required Lenders shall for all purposes of this Credit Agreement and the other Loan Documents be made without regard to such assignee Lender's interest in any of the Loans or Reimbursement Obligations. If any Lender sells a participating interest in any of the Loans or Reimbursement Obligations to a Participant, and such Participant is a Borrower or an Affiliate of a Borrower, then such transferor Lender shall promptly notify the Administrative Agent of the sale of such participation. A transferor Lender shall have no right to vote as a Lender hereunder or under any of the other Loan Documents for purposes of granting consents or waivers or for purposes of agreeing to amendments or modifications to any of the Loan Documents or for purposes of making requests to the Administrative Agent pursuant to ss.13.1 or ss.13.2 to the extent that such participation is beneficially owned by a Borrower or any Affiliate of a Borrower, and the determination of the Required Lenders shall for all purposes of this Credit Agreement and the other Loan Documents be made without regard to the interest of such transferor Lender in the Loans or Reimbursement Obligations to the extent of such participation. The provisions of this ss.19(e) shall not apply to an assignee Lender or participant which is also a Lender on the Effective Date or to an assignee Lender or participant which has disclosed to the other Lenders that it is an Affiliate of a Borrower and which, following such disclosure, has been excepted from the provisions of this ss.19(e) in a writing signed by the Required Lenders determined without regard to the interest of such assignee Lender or transferor Lender, to the extent of such participation, in Loans or Reimbursement Obligations.

(f) Special Purpose Funding Vehicle. Notwithstanding anything to the contrary contained in this ss.19, any Lender (a "GRANTING LENDER") may grant to a special purpose funding vehicle (an "SPV") of such Granting Lender, identified as such in writing from time to time delivered by the Granting Lender to the Administrative Agent and the Borrowers, the option to provide to the Borrowers all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrowers pursuant to this Credit Agreement, PROVIDED that (a) nothing herein shall constitute a commitment to make any Loan by any SPV, (b) the Granting Lender's obligations under this Credit Agreement shall remain unchanged, (c) the Granting Lender shall retain the sole right to enforce this Credit Agreement and to approve any amendment, modification or waiver of any provision of this Credit Agreement and (d) if an SPV elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPV hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by the Granting Lender. Each party hereto hereby agrees that no SPV shall be liable for any expense reimbursement, indemnity or similar payment obligation under this Credit Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Credit Agreement) that, prior to the date that is one year and one day after the later of (i) the payment in full of all outstanding senior indebtedness of any SPV and (ii) the Revolving Credit Maturity Date, or, as applicable, the Term Loan Maturity Date, it will not institute against, or join any other person in instituting against, such SPV any

bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or similar proceedings under the laws of the United States of America or any State thereof. In addition, notwithstanding anything to the contrary contained in this ss.19, anY SPV may (A) with notice to, but (except as specified below) without the prior written consent of, the Borrowers or the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans

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to its Granting Lender or to any financial institutions (consented to by the Administrative Agent and, so long as no Default or Event of Default has occurred and is continuing, the Borrowers, which consents shall not be unreasonably withheld or delayed) providing liquidity and/or credit facilities to or for the account of such SPV to fund the Loans made by such SPV or to support the securities (if any) issued by such SPV to fund such Loans and (B) disclose on a confidential basis any non-public information relating to its Loans (other than financial statements referred to in ss.6.4 or ss.7.4) to any rating agency, commercial paper dealer or provider of a surety, guarantee or credit or liquidity enhancement to such SPV. In no event shall the Borrowers be obligated to pay to an SPV that has made a Loan any greater amount than the Borrowers would have been obligated to pay under this Agreement if the Granting Lender had made such Loan. An amendment to this ss.19(f) without the written consent of an SPV shall be ineffective insofar as it alters the rights and obligations of such SPV.

(g) ACCEDING LENDERS. One or more commercial banks, other financial institutions or other Persons (in each case, an "ACCEDING LENDER") may, at the request of the Borrowers, become party to this Credit Agreement as a Lender by entering into an Instrument of Accession in substantially the form of EXHIBIT H hereto (an "INSTRUMENT OF ACCESSION") with the Borrowers and the Administrative Agent and assuming thereunder the rights and obligations of a Lender hereunder, including, without limitation, Commitments to make Revolving Credit Loans and participate in the risk relating to Letters of Credit and (as the case may be) the obligation to fund a portion of the Term Loan in amounts to be agreed upon by the Borrowers and the Acceding Lender subject to the terms hereof, and the Total Commitment and (as the case may be) the Term Loan shall thereupon be increased (each such increase referred to as a "POST-CLOSING INCREASE") by the amount of such Acceding Lender's interest; PROVIDED that:

(i) no Default or Event of Default has occurred or is continuing at the time of such accession;

(ii) the Lenders party to this Credit Agreement shall have the first option, and may elect, to fund their PRO RATA share of any Post-Closing Increase, but no Lender shall have any obligation to do so;

(iii) in the event that an Acceding Lender was not a Lender party to this Credit Agreement prior to giving effect to the Instrument of Accession, such Acceding Lender shall be acceptable to the Administrative Agent;

(iv) in no event shall the sum of (a) the Term Loan PLUS (b) the Total Commitment (after giving effect to all Instruments of Accession) exceed in the aggregate \$375,000,000 MINUS any previously effected reductions of the Total Commitment and the Term Loan pursuant to ss.2.2, 4.4 or 4.5, respectively; and

(v) the Borrowers shall indemnify the Lenders and the Administrative Agent for any cost or expense incurred as a consequence of the reallocation of any Eurodollar Rate Loans to an Acceding Lender pursuant to the provisions of ss.5.12.

On the effective date specified in any Instrument of Accession, SCHEDULE 2 hereto shall be deemed to be amended to reflect (x) the name, address, Commitment, Commitment Percentage and Term Loan Percentage of the Acceding Lender, (y) the Total Commitment and the Term Loan after giving effect to the Post-Closing Increase, and (z) the changes to the respective Commitments, Commitment Percentages and Term Loan Percentages of the other Lenders, as applicable, resulting from such Post-Closing Increase.

SS.20. PARTIES IN INTEREST. All the terms of this Credit Agreement and the other Loan Documents shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns of the parties hereto and thereto; PROVIDED, that no Borrower shall assign or transfer its rights or obligations hereunder without the prior written consent of each Lender. Nothing in this Credit Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Credit Agreement or any of the other Loan Documents.

SS.21. NOTICES, ETC.

Except as otherwise expressly provided in this Credit Agreement, all notices and other communications made or required to be given pursuant to this Credit Agreement or the other Loan Documents shall be in writing and shall be delivered in hand, mailed by United States registered or certified first-class mail, postage prepaid, sent by overnight courier, or sent by telegraph, telex or telecopier and confirmed by delivery via courier or postal service, addressed as follows:

(a) if to the Borrowers, c/o Casella Waste Systems, Inc. at 25 Greens Hill Lane, P.O. Box 866, Rutland, Vermont 05701, Attention: Chairman and Chief Financial Officer, telecopy number 802-775-6198, or at such other address for notice as the Borrowers shall last have furnished in writing to the Person giving the notice;

(b) if to the Administrative Agent or Fleet, at 100 Federal Street, Boston, Massachusetts 02110, USA, Attention: Timothy M. Laurion, Managing Director, telecopy number 617-434-2160, or at such other address for notice as the Administrative Agent or Fleet shall last have furnished in writing to the Person giving the notice; or

(c) if to any Lender, at such Lender's address set forth on SCHEDULE 2 hereto, or such other address for notice as such Lender shall have last furnished in writing to the Person giving the notice.

Any such notice or demand shall be deemed to have been duly given or made and to have become effective (a) if delivered by hand, overnight courier or facsimile to a responsible officer of the party to which it is directed, at the time of the receipt thereof by such officer, (b) if sent by registered or certified first-class mail, postage prepaid, five (5) Business Days after the posting thereof, and (c) if sent by telex or cable, at the time of the dispatch thereof, if in normal business hours in the country of receipt, or otherwise at the opening of business on the following Business Day.

SS.22. MISCELLANEOUS. The rights and remedies herein expressed are cumulative and not exclusive of any other rights which the Lenders, the Issuing Lender or the Agents would otherwise have. The captions in this Credit Agreement are for convenience of reference only and shall not define or limit the provisions hereof. This Credit Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In proving this Credit Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought. Delivery by facsimile by any of the parties hereto of an executed counterpart hereof or of any amendment or waiver hereto shall be as effective as an original executed counterpart hereof

or of such amendment or waiver and shall be considered a representation that an original executed counterpart hereof or such amendment or waiver, as the case may be, will be delivered.

SS.23. ENTIRE AGREEMENT, ETC. The Loan Documents and any other documents executed in connection herewith or therewith express the entire understanding of the parties with respect to the transactions contemplated hereby. Neither this

Credit Agreement nor any term hereof may be changed, waived, discharged or terminated, except as provided in ss.15.8. No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon. No course of dealing or omission on the part of the Administrative Agent or any Lender in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon the Borrowers shall entitle the Borrowers to other or further notice or demand in similar or other circumstances.

SS.24. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS CREDIT AGREEMENT, THE NOTES OR ANY OF THE OTHER LOAN DOCUMENTS, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF THE ADMINISTRATIVE AGENT OR ANY LENDER RELATING TO THE ADMINISTRATION OF THE LOANS OR ENFORCEMENT OF THE LOAN DOCUMENTS AND AGREES THAT IT WILL NOT SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. Except as prohibited by law, each of the parties hereto hereby waives any right it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. Each of the Borrowers (a) certifies that no representative, agent or attorney of any Lender, the Issuing Lender or the Agents has represented, expressly or otherwise, that such Lender, the Issuing Lender or the Agents would not, in the event of litigation, seek to enforce the foregoing waivers and (b) acknowledges that the Agents, the Issuing Lender and the Lenders have been induced to enter into this Credit Agreement, the other Loan Documents to which it is a party by, among other things, the waivers and certifications contained herein.

SS.25. GOVERNING LAW. THIS CREDIT AGREEMENT AND, EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED THEREIN, EACH OF THE OTHER LOAN DOCUMENTS ARE CONTRACTS UNDER THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS (WITHOUT REFERENCE TO CONFLICTS OR CHOICE OF LAW). THE BORROWERS CONSENT AND AGREE THAT ANY SUIT FOR THE ENFORCEMENT OF THIS CREDIT AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON THE BORROWERS IN ACCORDANCE WITH LAW AT THE ADDRESS SPECIFIED IN ss.21. THE BORROWERS HEREBY WAIVE ANY OBJECTION THAT THEY MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

SS.26. SEVERABILITY. The provisions of this Credit Agreement are severable and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Credit Agreement in any jurisdiction.

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SS.27. PARI PASSU TREATMENT.

(a) Notwithstanding anything to the contrary set forth herein (other than as set forth in ss.13.4), each payment or prepayment of principal and interest received after the occurrence of an Event of Default hereunder shall be distributed pari passu among the Lenders, in accordance with the aggregate outstanding amount of the Obligations owing to each Lender divided by the aggregate outstanding amount of all Obligations.

(b) Following the occurrence and during the continuance of any Event of Default, each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against any Borrower (pursuant to ss.13.3 or otherwise), including a secured claim under ss.506 of the Bankruptcy Code or other security or interest arising from or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, obtain payment (voluntary or involuntary) in respect

of the Notes, Loans, and other Obligations held by it as a result of which the unpaid principal portion of the Notes, Loans and the Obligations held by it shall be proportionately less than the unpaid principal portion of the Notes, Loans and Obligations held by any other Lender, it shall be deemed to have simultaneously purchased from such other Lender a participation in the Notes, Loans and Obligations held by such other Lender, so that the aggregate unpaid principal amount of the Notes, Loans, Obligations and participations in Notes, Loans and Obligations held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of the Notes, Loans and Obligations then outstanding as the principal amount of the Notes, Loans and other Obligations held by it prior to such exercise of banker's lien, setoff or counterclaim was to the principal amount of all Notes, Loans and other Obligations outstanding prior to such exercise of banker's lien, setoff or counterclaim; PROVIDED, however, that if any such purchase or purchases or adjustments shall be made pursuant to this ss.27 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustments restored without interest.

(c) Each Borrower expressly consents to the foregoing arrangements and agrees that any Person holding such a participation in the Notes, Loans and the Obligations deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by such Borrower to such Person as fully as if such Person had made a Loan directly to such Borrower in the amount of such participation.

(d) Nothing contained in this ss.27 shall impair, as between the Borrowers and any Lender, the obligation of the applicable Borrowers to pay such Lender all amounts payable in respect of such Lender's Notes, Loans, and other Obligations as and when the same shall become due and payable in accordance with the terms thereof.

SS.28. EXISTING CREDIT AGREEMENT SUPERSEDED. This Credit Agreement shall supersede the Existing Credit Agreement in its entirety, except as provided in this ss.28. On the Effective Date, the rights and obligations of the parties under the Existing Credit Agreement and the "Notes" as defined therein shall be subsumed within and be governed by this Credit

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Agreement and the Notes; PROVIDED, however, that each of the "Revolving Credit Loans", "Swingline Loans", "Letters of Credit" and the "Term Loan" (as each such term is defined in the Existing Credit Agreement) outstanding under the Existing Credit Agreement on the Effective Date shall, for purposes of this Credit Agreement, be included as Revolving Credit Loans, Swingline Loans, Letters of Credit and the Term Loan hereunder in accordance with the provisions hereof.

SS.29. TREATMENT OF CERTAIN CONFIDENTIAL INFORMATION.

SS.29.1. CONFIDENTIALITY. Each of the Lenders, the Issuing Lender and the Agents agrees, on behalf of itself and each of its affiliates, directors, officers, employees and representatives, to use reasonable precautions to keep confidential, in accordance with their customary procedures for handling confidential information of the same nature and in accordance with safe and sound banking practices, any non-public information supplied to it by any of the Borrowers pursuant to this Credit Agreement that is identified by such Borrower as being confidential at the time the same is delivered to such Lender, the Issuing Lender or such Administrative Agent, PROVIDED that nothing herein shall limit the disclosure of any such information (a) after such information shall have become public other than through a violation of this ss.29, or becomes available to any of the Lenders, the Issuing Lender or the Agents on a nonconfidential basis from a source other than such Borrower, (b) to the extent required by statute, rule, regulation or judicial process, (c) to counsel for any of the Lenders, the Issuing Lender or the Agents, (d) to bank examiners or any other regulatory authority having jurisdiction over any Lender, the Issuing Lender or either Agent, or to auditors or accountants, (e) to either Agent, the Issuing Lender, any Lender or any Financial Affiliate, (f) in connection with any litigation to which any one or more of the Lenders, the Issuing Lender or either Agents or any Financial Affiliate is a party, or in connection with the enforcement of rights or remedies hereunder or under any other Loan Document, (g) to an affiliate of any Lender or the Issuing Lender or a Subsidiary or affiliate of either Agent, (h) to any actual or prospective assignee or

participant or any actual or prospective counterparty (or its advisors) to any swap or derivative transactions referenced to credit or other risks or events arising under this Credit Agreement or any other Loan Document so long as such assignee, participant or counterparty, as the case may be, agrees to be bound by the provisions of this ss.29.1 or (i) with the consent of the Borrowers. Moreover, each of the Agents, the Issuing Lender, the Lenders and any Financial Affiliate is hereby expressly permitted by the Borrowers to refer to any of the Borrowers and the Excluded Subsidiaries in connection with any advertising, promotion or marketing undertaken by such Agent, the Issuing Lender, such Lender or such Financial Affiliate and, for such purpose, the such Agent, the Issuing Lender, such Lender or such Financial Affiliate may utilize any trade name, trademark, logo or other distinctive symbol associated with any of the Borrowers or any of their Subsidiaries or any of their businesses.

SS.29.2. PRIOR NOTIFICATION. Unless specifically prohibited by applicable law or court order, each of the Lenders, the Issuing Lender and the Agents shall, prior to disclosure thereof, notify the Borrowers of any request for disclosure of any such non-public information by any governmental agency or representative thereof (other than any such request in connection with an examination of the financial condition of such Lender, the Issuing Lender or such Agent by such governmental agency) or pursuant to legal process.

SS.29.3. OTHER. In no event shall any Lender, the Issuing Lender or either Agent be obligated or required to return any materials furnished to it or any Financial Affiliate by the Borrowers. The obligations of each Lender under this ss.29 shall supersede and replace the obligations of such Lender under any confidentiality letter in respect of this financing signed and delivered by such Lender to the Borrowers prior to the date hereof and shall be binding upon any assignee of, or purchaser of any participation in, any interest in any of the Loans or Reimbursement Obligations from any Lender.

IN WITNESS WHEREOF, the undersigned have duly executed this Second Amended and Restated Revolving Credit and Term Loan Agreement as a sealed instrument as of the date first set forth above.

BORROWERS:

CASELLA WASTE SYSTEMS, INC.
ALL CYCLE WASTE, INC.
ALTERNATE ENERGY, INC.
ATLANTIC COAST FIBERS, INC.
B. AND C. SANITATION CORPORATION
BLASDELL DEVELOPMENT GROUP, INC.
BRISTOL WASTE MANAGEMENT, INC.
CASELLA TRANSPORTATION, INC.
CASELLA WASTE MANAGEMENT OF MASSACHUSETTS, INC.
CASELLA WASTE MANAGEMENT OF N.Y., INC.
CASELLA WASTE MANAGEMENT OF PENNSYLVANIA, INC.
CASELLA WASTE MANAGEMENT, INC.
DATA DESTRUCTION SERVICES, INC.
FAIRFIELD COUNTY RECYCLING, INC.
FCR CAMDEN, INC.
FCR FLORIDA, INC.
FCR GREENSBORO, INC.
FCR GREENVILLE, INC.
FCR MORRIS, INC.
FCR PLASTICS, INC.
FCR REDEMPTION, INC.
FCR TENNESSEE, INC.
FCR VIRGINIA, INC.
FCR, INC.
FOREST ACQUISITIONS, INC.
GRASSLANDS INC.
HAKES C & D DISPOSAL, INC.
HIRAM HOLLOW REGENERATION CORP.
K-C INTERNATIONAL, LTD.
KTI BIO FUELS, INC.
KTI ENERGY OF VIRGINIA, INC.
KTI ENVIRONMENTAL GROUP, INC.
KTI NEW JERSEY FIBERS, INC.
KTI OPERATIONS INC.
KTI RECYCLING OF NEW ENGLAND, INC.

KTI RECYCLING OF NEW JERSEY, INC.
KTI SPECIALTY WASTE SERVICES, INC.
KTI, INC.

[SIGNATURES CONTINUED ON
FOLLOWING PAGE]

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MECKLENBURG COUNTY RECYCLING, INC.
NATURAL ENVIRONMENTAL, INC.
NEW ENGLAND WASTE SERVICES OF MASSACHUSETTS, INC.
NEW ENGLAND WASTE SERVICES OF ME, INC.
NEW ENGLAND WASTE SERVICES OF N.Y., INC.
NEW ENGLAND WASTE SERVICES OF VERMONT, INC.
NEW ENGLAND WASTE SERVICES, INC.
NEWBURY WASTE MANAGEMENT, INC.
NORTH COUNTRY ENVIRONMENTAL SERVICES, INC.
NORTHERN PROPERTIES CORPORATION OF PLATTSBURGH
NORTHERN SANITATION, INC.
PERC, INC.
PINE TREE WASTE, INC.
R.A. BRONSON INC.
RESOURCE RECOVERY OF CAPE COD, INC.
RESOURCE RECOVERY SYSTEMS OF SARASOTA, INC.
RESOURCE RECOVERY SYSTEMS, INC.
RESOURCE TRANSFER SERVICES, INC.
RESOURCE WASTE SYSTEMS, INC.
SCHULTZ LANDFILL, INC.
SUNDERLAND WASTE MANAGEMENT, INC.
U.S. FIBER, INC.
WASTE-STREAM INC.
WESTFIELD DISPOSAL SERVICE, INC.
WINTERS BROTHERS, INC.

By: /s/ Richard A. Norris

Name: Richard A. Norris
Title: Vice President and Treasurer

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

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CASELLA NH INVESTORS CO., LLC

By: KTI, Inc., its sole member

By: /s/ Richard A. Norris

Name: Richard A. Norris
Title: Vice President and Treasurer

CASELLA NH POWER CO., LLC

By: KTI, Inc., its sole member

By: /s/ Richard A. Norris

Name: Richard A. Norris
Title: Vice President and Treasurer

CASELLA RTG INVESTORS CO., LLC

By: Casella Waste Systems, Inc., its sole member

By: /s/ Richard A. Norris

Name: Richard A. Norris
Title: Chief Financial Officer and Treasurer

THE HYLAND FACILITY ASSOCIATES

By: /s/ Richard A. Norris

Name: Richard A. Norris
Title: Duly Authorized Agent

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

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MAINE ENERGY RECOVERY COMPANY, LIMITED PARTNERSHIP

By: KTI Environmental Group, Inc., general partner

By: /s/ Richard A. Norris

Name: Richard A. Norris
Title: Vice President and Treasurer

NEW ENGLAND LANDFILL SOLUTIONS, LLC

By: Rochester Environmental Park, LLC

By: /s/ Richard A. Norris

Name: Richard A. Norris
Title: Vice President and Treasurer

PERC MANAGEMENT COMPANY LIMITED PARTNERSHIP

By: PERC Inc., general partner

By: /s/ Richard A. Norris

Name: Richard A. Norris
Title: Vice President and Treasurer

ROCHESTER ENVIRONMENTAL PARK, LLC

By: /s/ Richard A. Norris

Title: Vice President and Treasurer

FLEET NATIONAL BANK, individually and as Administrative Agent

By: /s/ David C. Brecht

Name: David C. Brecht, CFA
Title: Vice President

BANK OF AMERICA, N.A., individually and as Syndication Agent

By: /s/ Steven R. Arensten

Name: Steven R. Arensten
Title: Senior Vice President

COMERICA BANK

By: /s/ D. Scot Hagwell

Name: D. Scott Hagwell
Title: CBO

LASALLE BANK NATIONAL ASSOCIATION

By: /s/ Brian Peterson

Name: Brian Peterson
Title: First Vice President

BANKNORTH, N.A.

By: /s/ E. Kirke Hart

Name: E. Kirke Hart
Title: Regional Vice President

MERRILL LYNCH CAPITAL, a division of
Merrill Lynch Business Financial
Services, Inc.

By: /s/ Sheila C. Weimer

Name: Sheila C. Weimer
Title: Vice President

CITIZENS BANK

By: /s/ Daniel Bernard

Name: Daniel Bernard
Title: Vice President