

MUTUAL RELEASE

This Mutual Release ("Release") is entered into in the State of Maine by the City of Biddeford, Maine, a municipal corporation, hereinafter called "Municipality", Maine Energy Recovery Company, Limited Partnership, a Maine limited partnership, hereinafter called "Maine Energy", KTI, Inc., a New Jersey corporation, hereinafter called "KTI", KTI Environmental Group, Inc., a New Jersey corporation, hereinafter called "KTI Environmental", and Casella Waste Systems, Inc., a Vermont corporation, hereinafter called "Casella". Municipality, Maine Energy, KTI, KTI Environmental and Casella are referred to collectively as the "Parties" and individually as a "Party." Maine Energy, KTI, KTI Environmental and Casella are referred to collectively as the "Maine Energy Parties."

WITNESSETH:

WHEREAS, Municipality and Maine Energy are parties to a certain Host Municipalities' Waste Handling Agreement, dated June 7, 1991 (the "1991 WHA"); and

WHEREAS, certain disputes have arisen between Municipality and the Maine Energy Parties with respect to the 1991 WHA; and

WHEREAS, Municipality, Maine Energy, KTI and Casella are parties to a civil action, entitled *Inhabitants of the City of Biddeford v. Maine Energy Recovery Company, KTI, Inc. and Casella Waste Systems, Inc.*, currently pending in Maine Superior Court, York County, Docket No. CV-02-009 (the "Action"); and

WHEREAS, the cost of litigating the Action to a conclusion will be substantial; and

WHEREAS, the Parties deem it to be in their best interests to settle the Action among themselves without further litigation, and to settle any and all other claims and causes of action

which Municipality and the Maine Energy Parties may now have against each other, including, without limitation, any claims or causes of action which could have been alleged in the Action; and

WHEREAS, Municipality and the Maine Energy Parties deem it to be in their best interests to settle, resolve and release all of the claims and causes of action previously asserted and/or alleged in the civil action entitled *Inhabitants of the City of Biddeford v. Maine Energy Recovery Company*, United States District Court for the District of Maine, Docket No. 2:03-ev-00279-GZS, which action was dismissed without prejudice on or about June 2, 2004, all of the claims and/or potential claims identified in a certain 60-day Notice of Intent to Sue Under the Clean Air Act Pursuant to 42 U.S.C. § 7604(b)(1)(A), dated May 25, 2004, received by Maine Energy and Casella from Jeffrey A. Meyers, Esq., in his capacity as attorney for Municipality, as well as any and all other claims and causes of action that Municipality has, or may have, against the Maine Energy Parties pursuant to the Clean Air Act, 42 U.S.C. § 7401-7671q, as amended by the CAA Amendments of 1990, Pub L 101-549, 104 Stat 2399-2712 (Nov. 15, 1990) (the "Clean Air Act Claims"); and

WHEREAS, Maine Energy has filed property tax abatement appeals for the property tax years commencing April 1, 2002 through April 1, 2006 seeking refunds of property taxes and statutory interest with respect to the real property located in Biddeford, Maine owned by Maine Energy (Municipality property tax Map 72, Lot 2) (the "Property"); and

WHEREAS, the Parties wish to resolve all disputes and uncertainties relating to the assessed valuation of the Property and the abatement applications relating to the same (the "Property Tax Claims"); and

WHEREAS, Municipality and Maine Energy deem it to be in their best interests to settle and resolve the dispute over the variable rate tipping fee calculation under the 1991 WHA, which dispute involves application of the variable rate calculations to the costs associated with Maine Energy's alterations to its waste processing line during 2001, which increased the quantity of Front End Processing Residue ("FEPR") production (the "Tipping Fee Dispute"); and

WHEREAS, in furtherance of such settlements and resolutions referenced herein, Municipality and the Maine Energy Parties have entered into a Settlement Agreement dated of near or even date herewith (the "Settlement Agreement"); and

WHEREAS, Municipality and the Maine Energy Parties desire and intend to provide for a mutual release of claims; and

WHEREAS, all necessary actions required to approve and authorize the execution, delivery and performance of this Release by Municipality and the Maine Energy Parties have been taken.

NOW, THEREFORE, in furtherance of the Settlement Agreement, and in consideration of the mutual releases contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Municipality and the Maine Energy Parties do hereby agree as follows:

1. Municipality, for and on behalf of its successors and assigns, including but not limited to successive and subsequent governments and administrations, city council members, mayors, officials, agents and other persons acting or claiming by, through or under authority or right of Municipality, and any and all others who may claim through them (collectively, the "Municipality Releasers"), hereby releases and forever discharges the Maine Energy Parties and their parent corporations, subsidiaries, affiliates, predecessors, successors, assigns, partners,

limited partners, general partners, agents, employees, officers, directors, attorneys, representatives and shareholders (collectively, the "Maine Energy Releasees") from any and all claims, causes of action and liabilities of any kind whatsoever, whether disclosed or undisclosed, and whether known or unknown, that the Municipality Releasors, or those who may claim through them, either individually or collectively, now have or ever had, or may hereafter have against the Maine Energy Releasees arising from or related in any way to the Action, the 1991 WHA, the Property Tax Claims, the Tipping Fee Dispute, and the Clean Air Act Claims. Without limiting the full scope and effect of this Release, the Municipality Releasors specifically release and forever discharge the Maine Energy Releasees from all claims, causes of action, and liabilities of any kind whatsoever arising from any fact, matter, or thing alleged, or that might or could have been alleged, in the Action, and the Municipality Releasors further specifically release and forever discharge the Maine Energy Releasees from all claims, causes of action and liabilities of any kind arising from any fact, matter, or thing alleged, or that might or could have been alleged, in or in connection with the Clean Air Act Claims; provided, however, that this Release does not cover or apply to any rights, claims, causes of action and/or remedies which the Municipality Releasors may have or acquire against any one or more of the Maine Energy Releasees under the Settlement Agreement, or any of the Settlement Documents identified and described in said Settlement Agreement.

2. The Maine Energy Parties, for and on behalf of their respective successors and assigns, partners, limited partners, general partners, shareholders, officers, directors and other persons acting or claiming by, through or under authority or right of the Maine Energy Parties, and any or all others who may claim through them (collectively, the "Maine Energy Releasors"), hereby release and forever discharge Municipality and its predecessors, successors and assigns,

and all of its past, present or future city council members, mayors, officials, associates, employees, agents, attorneys and representatives (collectively, the "Municipality Releasees") from any and all claims, causes of action, and liabilities of any kind whatsoever, whether disclosed or undisclosed, and whether known or unknown, that the Maine Energy Releasors, or those who may claim through them, either individually or collectively, now have or ever had, or may hereafter have against the Municipality Releasees arising from or related in any way to the Action, the 1991 WHA, the Property Tax Claims, the Tipping Fee Dispute, and the Clean Air Act Claims. Without limiting the full scope and effect of this Release, the Maine Energy Releasors specifically release and forever discharge the Municipality Releasees from all claims, causes of action, and liabilities of any kind whatsoever arising from any fact, matter, or thing alleged, or that might or could have been alleged, in the Action, and the Maine Energy Releasors further specifically release and forever discharge the Municipality Releasees from all claims, causes of action and liabilities of any kind arising from any fact, matter, or thing alleged, or that might or could have been alleged, in or in connection with the Clean Air Act Claims; provided, however, that this Release does not cover or apply to any rights, claims, causes of action and/or remedies which the Maine Energy Releasors may have or acquire against any one or more of the Municipality Releasees under the Settlement Agreement, or any of the Settlement Documents identified and described in said Settlement Agreement.

3. Municipality and the Maine Energy Parties agree to the dismissal with prejudice and without costs of Municipality's claims and causes of action in the Action.

4. Municipality and the Maine Energy Parties agree that this Release is a compromise of disputed claims and that the terms set forth herein are not to be considered or construed as an admission of fault or liability on the part of any Party hereto.

5. Each Party represents to the other Parties hereto that (a) the execution and delivery of this Release has been duly authorized by all necessary corporate, partnership or governmental action (as applicable) on the part of such Party and does not violate or conflict with any law, regulation, ordinance, permit, license, charter, articles of incorporation, bylaws, partnership agreement or other constituent document or agreement applicable to such Party, and (b) such Party has not previously assigned or otherwise transferred any claim purported to be released hereby.

6. The law of the State of Maine shall govern the validity, interpretation, construction and performance of this Release.

7. This Release may be executed in more than one counterpart, each of which shall be deemed an original and all of which together shall constitute the same Release.

IN WITNESS WHEREOF, the parties have executed this Release on the dates shown below.

Dated: May 4, 2007

The City of Biddeford, Maine
By: John D. Bubier
As: City Manager

STATE OF MAINE
YORK, ss.

May 4, 2007

Personally appeared the above-named John D. Bubier, in his/~~her~~ capacity as City Manager of the City of Biddeford, Maine, and made oath that the foregoing Mutual Release signed by him/her is his/her free act and deed in his/her said capacity, and the free act and deed of the City of Biddeford, Maine.

Before me,

[Signature]
Notary Public
Printed name: KATH R. JACQUES

Dated: May 4, 2007

Maine Energy Recovery Company,
Limited Partnership

By: *Kenneth W. Robbins*
Its: General Manager

STATE OF MAINE
YORK, ss.

May 4, 2007

Personally appeared the above-named *Kenneth W. Robbins*, in his/her capacity as General Manager of _____, the general partner of Maine Energy Recovery Company, Limited Partnership, and made oath that the foregoing Mutual Release signed by him/her is his/her own free act and deed in his/her said capacity and the free act and deed of said Maine Energy Recovery Company, Limited Partnership.

Before me.

David J. Chapin
Notary Public *& Attorney at Law*
Printed name: David J. Chapin

Dated: May 4, 2007

Casella Waste Systems, Inc.

By: *Brian Oliver*
Its: Region Vice President

STATE OF MAINE
YORK, ss.

May 4, 2007

Personally appeared the above-named *Brian Oliver*, in his/her capacity as Regional V.P. of Casella Waste Systems, Inc., and made oath that the foregoing Mutual Release Agreement signed by him/her is his/her own free act and deed in his/her said capacity and the free act and deed of said Casella Waste Systems, Inc.

Before me.

David J. Chapin
Notary Public *& Attorney at Law*
Printed name: David J. Chapin

Dated: May 4, 2007

KTI, Inc.

By: *BO*
Its: Region Vice President

STATE OF MAINE
YORK, ss.

May 4, 2007

Personally appeared the above-named *Brian Oliver*, in his/her capacity as *Regional VP.* of KTI, Inc., and made oath that the foregoing Mutual Release signed by him/her is his/her own free act and deed in his/her said capacity and the free act and deed of said KTI, Inc.

Before me:

David J. Champoux
Notary Public *Attorney at Law*
Printed name: *David J. Champoux*

Dated: May 4, 2007

KTI Environmental Group, Inc.

By: *BO*
Its: Region Vice President

STATE OF MAINE
YORK, ss.

May 4, 2007

Personally appeared the above-named *Brian Oliver*, in his/her capacity as *General Manager* of KTI Environmental Group, Inc., and made oath that the foregoing Mutual Release signed by him/her is his/her own free act and deed in his/her said capacity and the free act and deed of said KTI Environmental Group, Inc.

Before me:

David J. Champoux
Notary Public *Attorney at Law*
Printed name: *David J. Champoux*