State of New Jersey
Department of Environmental Protection and Energy
Division of Responsible Party Site Remediation
CN 028
Trenton, NJ 08625-0028
Tel. # 609-633-1408
Fax. # 609-633-1454

Scott A. Weiner
Commissioner

Karl J. Delaney
Director

NOV -4 1991

Mr. Thomas Markley
Branch Manager
Vulcan Materials Company
745 Poole Avenue
Hazlet, NJ 07730-1717

Dear Mr. Markley:

Re: McKesson Envirosystems Site
600 Doremus Avenue
Newark, New Jersey
Block 5070, Lots 25 and 25A

Enclosed for service upon you is a Directive and Notice to Insurers regarding the McKesson Envirosystems Site at 600 Doremus Avenue, Newark, New Jersey. The Directive is issued pursuant to the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 <u>et. seq.</u>

If you have any questions regarding this matter please contact Richard Stockman of my staff at (609) 633-0719.

Sincerely,

Ronald T Corcory

Ronald T. Corcory, Assistant Director
Responsible Party Cleanup Element

Enclosure
RS:mb

State of New Jersey
Department of Environmental Protection and Energy
Division of Responsible Party Site Remediation
CN 028
Trenton, NJ 08625-0028
Tel. # 609-633-1408
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Scott A. Weiner
Commissioner

Karl J. Delaney
Director

IN THE MATTER OF :
THE MCKESSON ENVIROSYSTEM SITE:
AND :
VULCAN MATERIALS COMPANY, :
:
Respondents :

DIRECTIVE
AND
NOTICE TO INSURERS

The Directive and Notice to Insurers (hereinafter "Directive") is issued pursuant to the authority vested in the Commissioner of the New Jersey Department of Environmental Protection and Energy (hereinafter "the Department" or "NJDEPE") by N.J.S.A. 13:1D-1 et seq. and the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq., and duly delegated to the Assistant Director of the Responsible Party Cleanup Element within the Division of Responsible Party Site Remediation pursuant to N.J.S.A. 13:1B-4. This Directive is issued in order to notify the above-captioned Respondents that the Department, pursuant to the Spill Compensation and Control Act, has determined that it is necessary to remove or arrange for the removal of certain hazardous substances, and in order to notify the Respondents that the Department believes them to be responsible for the discharge of such hazardous substances.

FINDINGS

1. Vulcan Materials Company (hereinafter "Vulcan" or "Respondent") an Alabama Corporation with its principle offices located in Birmingham, Alabama was the owner and operator of a chemical production facility at 600 Doremus Avenue on Block 5070, Lots 25 and 25A on the tax maps of the City of Newark, Essex County, New Jersey (hereinafter, the "Site"). The Site consists of approximately 9.5 acres in a heavily industrialized area of Newark. The Site is bound to the east by Newark Bay, to the west by Doremus Avenue and to the north and south by industrial facilities.

2. The Site was operated by Kolker Chemical Corporation to produce nonferrous inorganic salts from the 1920's until 1962. In 1961 Vulcan purchased Kolker Chemical Corporation and dissolved Kolker in 1964. Vulcan operated the Site as a chemical production facility from 1962 until May of 1974.

3. During their twelve years of operation Vulcan produced a variety of chemicals including but not limited to chlorine caustic soda, chloroform, methylchloride, muriatic acid and methylene chloride. When Vulcan purchased the Site in 1961 they were producing 25 tons per day of methylene chloride. The volume increased to 35 tons per day in 1966 and 70-80 tons per day in 1968-1969.

4. On November 29, 1972, Vulcan submitted a report to the United States Environmental Protection Agency (USEPA) entitled "Vulcan Materials Company Newark, New Jersey Plant" (hereinafter "Vulcan Report"). The Vulcan Report detailed a number of environmental concerns at the Site, the most serious of which was the high levels of contaminants in the plant effluent which discharged to the Newark Bay. Samples taken from the effluent from July 11, 1972 to July 22, 1972 showed the water to be contaminated with: suspended solids (from 5,800 to 66,000 pounds per day), zinc (250 pounds per day), lead (10 pounds per day), chlorinated hydrocarbons (700 pounds per day). The report also discusses the installation of a "spillage collection system" to reduce caustic losses from equipment malfunctions, operator errors and weekly equipment washouts.

5. The substances referenced in paragraphs three and four above are hazardous substances pursuant to the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11b(k).

6. Respondents are responsible for the discharges of hazardous substances at the Site which have contaminated the lands and waters of the State.

7. Pursuant to N.J.S.A. 58:10-23.11g(c), Respondents are strictly liable, without regard to fault, for all costs of the cleanup and removal of the hazardous substances discharged at the Site.

8. Pursuant to N.J.S.A. 58:10-23.11f, whenever any hazardous substance is discharged, the Department may, in its discretion, act to remove or arrange for the removal of such discharge, or may direct the dischargers to remove or arrange for the removal of such discharge.

9. Based on these Findings, the Department has determined that the Respondents have violated the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq. and the regulations promulgated pursuant thereto, N.J.A.C. 7:1E-1 et seq.

10. To fully determine the nature and extent of the problem presented by the discharge of hazardous substances at the Site, the Department has determined that it is necessary to conduct a Departmentally approved remedial investigation and feasibility study of remedial action alternatives (hereinafter "RI/FS") for the Site. Upon completion of the RI/FS, it will be necessary to implement a remedial action alternative to correct the problems presented by the discharge of hazardous substances at the Site.

DIRECTIVE

NOW, THEREFORE, THE RESPONDENTS ARE HEREBY DIRECTED AS FOLLOWS:

11. Within thirty (30) calendar days after receipt of this Directive, arrange for the cessation of a continuing threat to human health and the environment by paying the Department a sum of $1,000,000.00 to conduct a RI/FS at the Site.

NOTICE

12. If Respondents fail to agree to pay the Department to conduct an RI/FS within thirty (30) calendar days after receipt of this Directive, the Department will, at its discretion, conduct the RI/FS. Should Respondents fail to pay the Department to perform the actions as set forth above, the Department will commence suit against Respondents seeking reimbursement for costs incurred. Further, failure to comply with this Directive will increase Respondents potential liability to the Department in an amount equal to three (3) times the cost of performing the work and may cause a lien to be placed on Respondent's real and personal property pursuant to Section 7 of the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11(f), including a first priority lien on the property subject to the cleanup.

13. Pursuant to P.L. 1990 C. 75, failure by Respondents to comply with this Directive may subject each Respondent to penalties of up to $50,000 per day and each day of violation shall constitute an additional, separate and distinct violation of the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq.

RESERVATION OF RIGHTS

14. The Department reserves the right to direct Respondents to take or arrange for the taking of any and all additional remedial actions which the Department determines to be necessary to protect the public health and safety of the environment and to seek full reimbursement and treble damages for all costs incurred in taking such additional remedial actions if Respondents fail to comply with such a Directive. In the event that the costs of completing the activities described in the Directive exceed the current estimates, the Department reserves the right to direct Respondents to pay such costs and to seek full reimbursement and damages for all such costs. In the event that the costs of completing the activities described in the Directive are less than the estimate specified above, the Department will rebate the unexpended funds to those parties that complied with the Directive on a proportional basis.

15. Respondents are advised that the discharges referenced in this Directive may also constitute violations of the Water Pollution Control Act, N.J.S.A. 58:10A-1 et seq., and the Solid Waste Management Act, N.J.S.A. 13:1E-1 et seq., and that Respondents may, therefore, be subject to the penalties prescribed for violations of the above noted Acts. The Department reserves all rights and remedies under said Acts.

NOTICE TO INSURERS

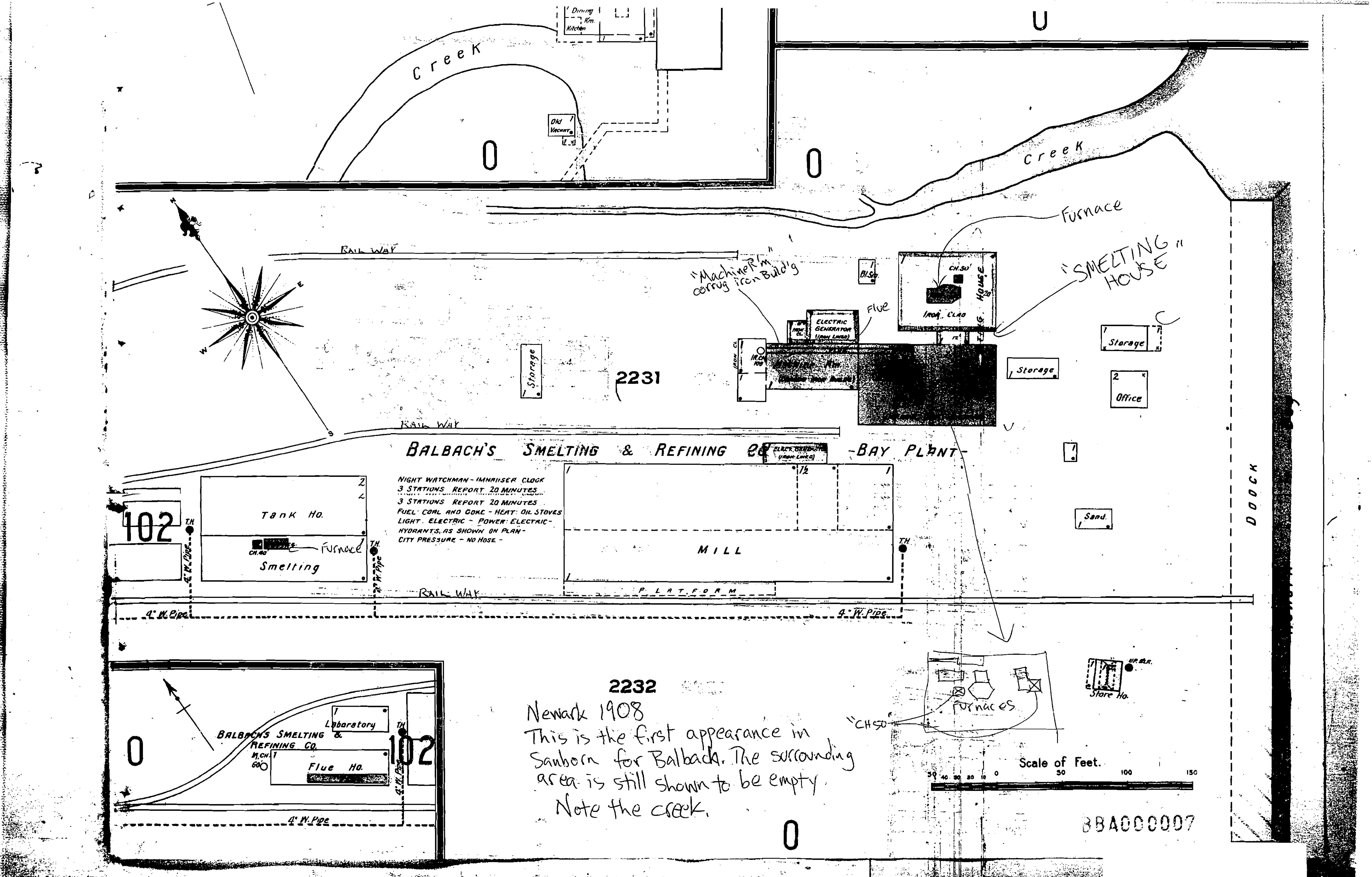
16. BE ON NOTICE THAT, pursuant to N.J.S.A. 58:10-23.11s, any claims for costs of cleanup or damages by the State may be brought directly against the bond, insurer or any other person providing evidence of financial

responsibility. Respondents are therefore urged to contact such insurers and notify them of the issuance of this Directive.

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION AND ENERGY

Date: 10-31-91

By:
Ronald T. Corcory, Assistant Director
Responsible Party Cleanup Element
Division of Responsible Party Site Remediation



BALBACH'S SMELTING & REFINING CO. -BAY PLANT-

NIGHT WATCHMAN - IMHAUSER CLOCK
3 STATIONS REPORT 20 MINUTES
3 STATIONS REPORT 20 MINUTES
FUEL: COAL AND COKE - HEAT: OIL STOVES
LIGHT. ELECTRIC - POWER: ELECTRIC -
HYDRANTS, AS SHOWN ON PLAN -
CITY PRESSURE - NO HOSE -

Newark 1908
This is the first appearance in Sanborn for Balback. The surrounding area is still shown to be empty.
Note the creek.

PLATE 1

State of New Jersey
Department of Environmental Protection

Christine Todd Whitman
Governor

Robert C. Shinn, Jr.
Commissioner

Bureau of Underground Storage Tank
CN-028
401 East State Street
Trenton, NJ 08625

Mr. Dale Wikre
Darling International, Inc.
825 Wilson Avenue
Newark, NJ 07105

Re: Remedial Investigation Progress Report Dated: August, 1996
Darling International Inc.
825 Wilson Avenue
Newark, Essex County
Case # 94-03-29-1525
UST # 0200864
Closure #'s C91-4385, C93-5955
Well Permit #'s 26-38709, 26-38710, 26-38711, 26-38712

Dear Mr. Wikre:

The Department of Environmental Protection (Department) has completed its review of the above referenced document, which addresses those comments presented in the Department's August 1, 1996 correspondence. Below please find the Department's corresponding comments as they appear in the August 1996 Darling International, Inc. (Darling) report.

o As previously noted total xylene concentrations of 625 ppb in sample WB-11 appeared to be anomalous when compared to historically low xylene levels detected in adjacent monitoring well MW-2.

  Darling contends that the above anomaly may be explained by an off-site source since sample WB-11 was collected twenty feet from MW-2 and was located near the property line. Darling also presents that the soil boring sample collected in the same location as ground water sample WB-11 was non-detect for total xylenes which demonstrates that no source for ground water impact exists within this area. The past/current use of the adjacent property, indicated as Lot 45, has not been identified. Given the above data, Darling shall continue to sample ground water monitoring well MW-2 as described below.

o As previously required in the Department's August 1, 1996 comment letter, Darling analyzed ground water in the existing on-site wells to establish whether or not lead contamination is a emanating from a greater regional situation.

  Ground water samples were collected from monitoring wells MW-1 through MW-6 and analyzed for total lead. The results ranged from 3.4 ppb in MW-6 to 79 ppb in MW-3. Ground water samples collected from monitoring wells, from the adjacent McKesson property, in July 1994, show high end concentrations ranging from 23,000 ppb to 120,000 ppb at eight sampling locations. As previously demonstrated, soil data collected from both sites indicate that significantly higher concentrations of lead exists at the adjacent property. Based upon the data presented to date, no further action, with regard to lead impacts, is required at this time.

o Former soil sample SB-4 collected west of the former diesel UST contained a total petroleum hydrocarbon (TPHC) concentration of 10,300 ppm which exceeds the Department's 10,000 ppm total organic cap.

TPHC concentrations in the area of SB-4 have been reduced from pre-remediation concentrations of 64,000 ppb in November 1994. In March 1995, approximately eighty-two cubic yards of contaminated soil were removed from the former tank area and on-site field analysis confirmed that all contamination had been removed. As alternatively proposed in Darling's August 1996 report, during the March 1997 ground water monitoring event, an additional soil sample will be collected in the same horizontal and vertical location as former soil sample SB-4 and analyzed for TPHC.

o On June 25, 1996, ground water elevations were measured, from monitoring wells MW-1 through MW-6 and a subsequent contour map developed. The two most recent gauging events indicate that ground water appears to flow radially towards the area of tank excavations and away from Newark Bay. The local ground water flows in a southwesterly direction. There is a low tidal fluctuation in the area which creates a small hydraulic gradient across the site which could alter or reverse the ground water flow direction as historically observed.

As discussed during a September 20, 1996 phone conversation, with Mr. Bill Schnitzerling, Project Manager for IT Corporation and myself, the anomalous radial flow direction observed during the last two sampling events shall be re-evaluated. As discussed, anomalies in ground water flow patterns may be partially attributed to porosities in soil and backfill material. Darling shall ensure that all existing on-site monitoring wells are gauged to the same datum point to ensure accurate ground water elevation measurements and compare regional ground water flow patterns with the adjacent site to confirm/negate the general ground water flow direction. In addition, Darling shall measure ground water elevations in all existing monitoring wells on a monthly basis to compare seasonal fluctuations. This is measure is important considering that Darling contends that existing ground water contaminants are emanating from adjacent off-site sources.

Also, on June 25, 1996, ground water samples from monitoring wells MW-1 through MW-6 were collected and analyzed for BTEX and total lead (lead analysis was discussed above). Benzene concentrations exceeded the Department's Ground Water Quality Standard (GWQS) of 1 ppb in MW-1 (110 ppb), MW-2 (13 ppb), MW-5 (1.4 ppb), and MW-6 (300 ppb). Toluene was found above the GWQS of 1,000 ppb in only well MW-6 (2,200 ppb). Ethylbenzene was above the GWQS of 700 ppb in MW-3 (2,600 ppb), and total xylenes were detected above the Department's GWQS of 40 ppb in MW-1 (55 ppb), MW-3 (13,100 ppb), and MW-6 (360 ppb).

During a conversation with Mr. Mark Walters, Case Manager for the Bureau of State Case Management (BSCM) regarding the McKesson property, Mr. Walters stated that both properties and some of the surrounding property were formerly owned and operated by Balbach Smelting. Mr. Walters stated that historic activities conducted prior to the occupation of this site by the former owners, heavy metals and chlorinated solvents were released to the adjacent McKesson property and were potentially released to the soils and ground water associated with the referenced site. Given this, Darling shall collect ground water samples from monitoring wells MW-1 through MW-6 and analyze for volatile organics using EPA Method 624 calibrated for xylenes, with a library search. This data combined with ground water flow data will be utilized to confirm that a concentration gradient for chlorinated solvents is emanating from the McKesson property. Upon review of the data this Bureau will determine whether the chlorinated solvents issue will be deferred to Mr. Walters of BSCM.

Darling shall conduct subsequent ground water sampling events on a semi-annual basis and analyze for BTEX concentrations via USEPA Method 602 to determine whether a decreasing trend occurs. As suggested, the next sampling event will occur in September, 1996 with a remedial investigation progress report required no later than **October 31, 1996**. The following event will occur in March 1997 with a subsequent report required no later than **April 30, 1997**. At that time the Department will determine whether natural attenuation is appropriate for this site or whether a more pro-active strategy is required.

If you should have any questions regarding this matter, please contact me at (609) 984-7844.

Sincerely,

Gerald M. Hahn, Case Manager
Bureau of Underground Storage Tanks

c: Gerald M. Hahn, Case Manager, NJDEP/BUST
Dr. Michael Festa, Health Officer, Essex County Health Department
Mr. Bill Schnitzerling, Project Manager, International Technology Corp.

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GROUNDWATER MONITORING AND PROGRESS REPORT
DARLING INTERNATIONAL, INC.
825 WILSON AVENUE
NEWARK, NEW JERSEY
CASE NO. 94-03-29-1525

Submitted To:

New Jersey Department of Environmental Protection
Division of Responsible Party Site Remediation
Bureau of Underground Storage Tanks
CN 029
Trenton, New Jersey 08625-0029

Prepared For:

Darling International Inc.
251 O'Connor Ridge Boulevard
Irving, Texas 75038

Prepared By:

IT Corporation
2200 Cottontail Lane
Somerset, New Jersey 08873

October 1996

Project No. 529723

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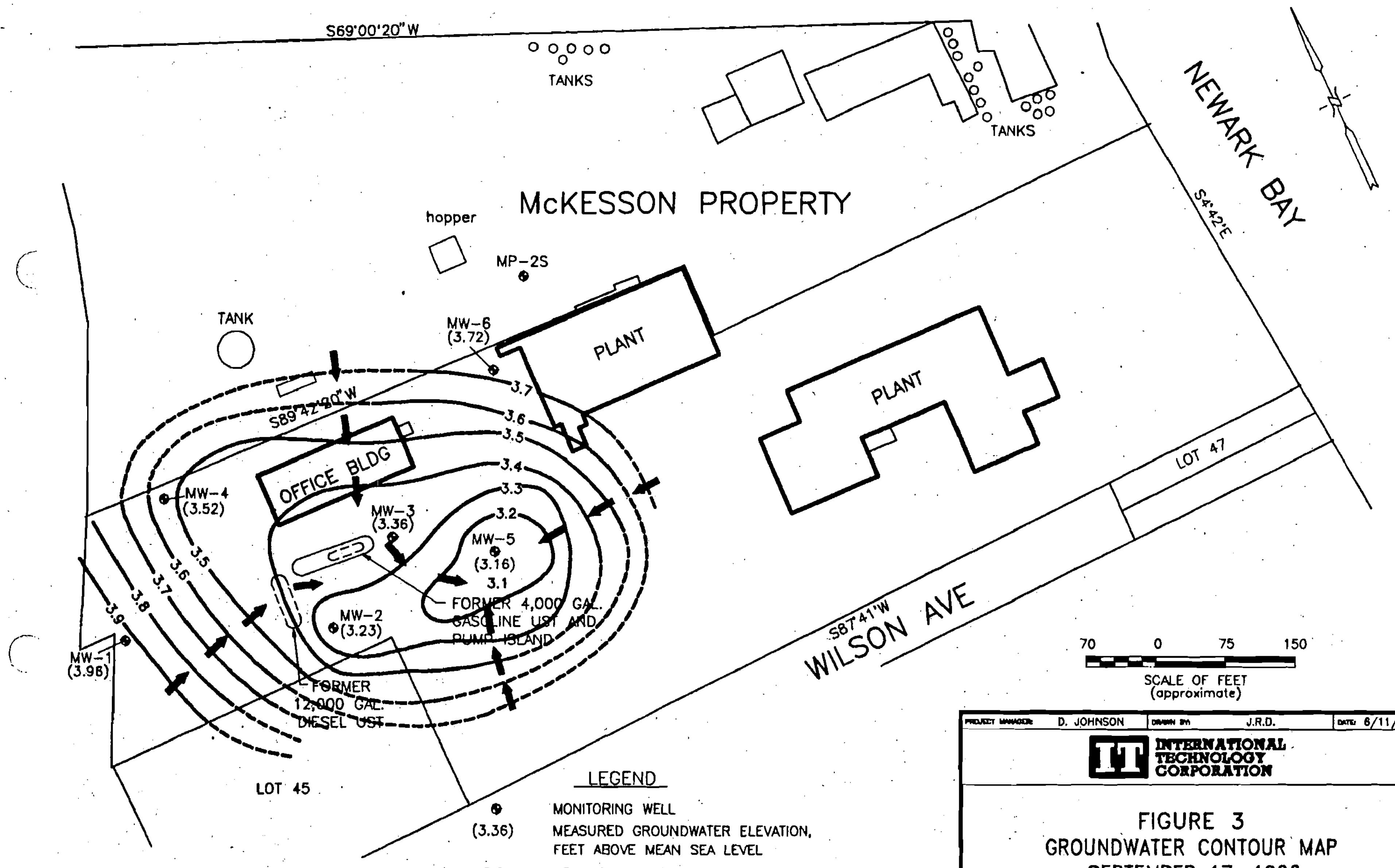


LEGEND

⊕	MONITORING WELL
(3.36)	MEASURED GROUNDWATER ELEVATION, FEET ABOVE MEAN SEA LEVEL
—3.5- - -	GROUNDWATER ELEVATION, FEET ABOVE MAIN SEA LEVEL. DASHED WHERE INFERRED
⬅	GROUNDWATER FLOW DIRECTION

SOURCE: BASED ON SITE MAP PROVIDED
BY DARLING INTERNATIONAL INC.
NEWARK, N.J.

PROJECT MANAGER: D. JOHNSON DRAWN BY: J.R.D. DATE: 6/11/96

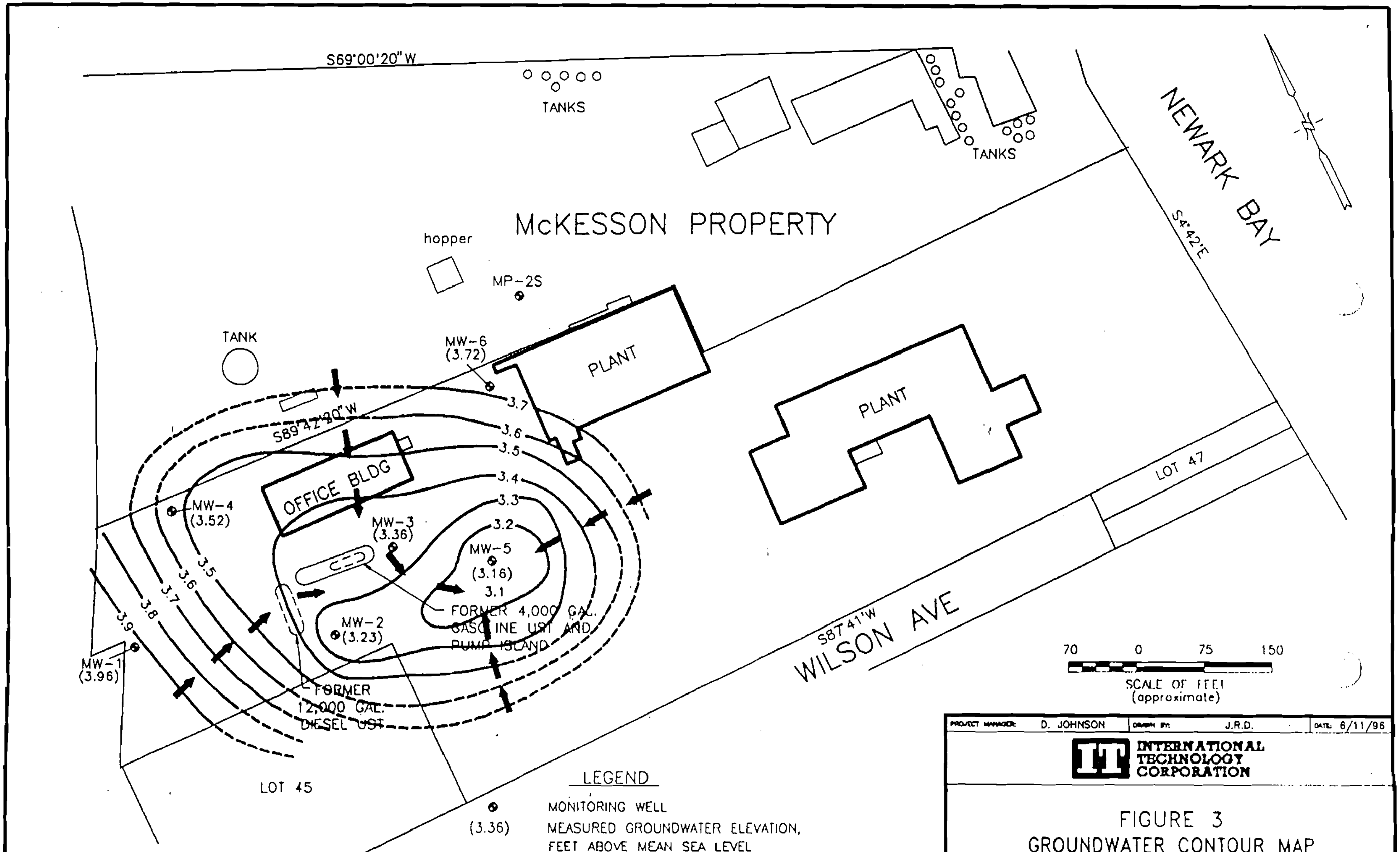
INTERNATIONAL
TECHNOLOGY
CORPORATION

FIGURE 3
GROUNDWATER CONTOUR MAP
SEPTEMBER 17, 1996

Prepared For:

DARLING INTERNATIONAL INC.
NEWARK, NEW JERSEY

PROJECT NO.	FILE NO.	CHK'D: EPR ENG. EPR APPVD.	DRAWING NUMBER	REV. NO.
529723	A18		529723-A18	



LEGEND

⊗ MONITORING WELL

(3.36) MEASURED GROUNDWATER ELEVATION, FEET ABOVE MEAN SEA LEVEL

—3.5– – – GROUNDWATER ELEVATION, FEET ABOVE MAIN SEA LEVEL. DASHED WHERE INFERRED

← GROUNDWATER FLOW DIRECTION

SOURCE: BASED ON SITE MAP PROVIDED BY DARLING INTERNATIONAL INC. NEWARK, N.J.

PROJECT MANAGER: D. JOHNSON DRAWN BY: J.R.D. DATE: 6/11/96

INTERNATIONAL TECHNOLOGY CORPORATION

FIGURE 3
GROUNDWATER CONTOUR MAP
SEPTEMBER 17, 1996

Prepared For:

DARLING INTERNATIONAL INC.
NEWARK, NEW JERSEY

PROJECT NO.	FILE NO.	CHK'D / ENG. / APPVD.	DRAWING NUMBER	REV. NO.
529723	A18	EPR EPR	529723-A18	

5.0 Conclusions and Recommendations

As discussed in Section 3.0 of this report, elevated concentrations of BTEX continue to be found in monitoring wells MW-3 and MW-6. Although there is no New Jersey Class IIA Groundwater Quality Criteria for BTEX, several of the individual constituents of BTEX exceed their respective New Jersey Class IIA Groundwater Quality Criteria. Concentrations in monitoring well MW-3 may be impacted by fluctuations in groundwater elevations. Furthermore, since groundwater flows from the McKesson property towards Darling, monitoring well MW-6 which is located at the most upgradient portion of the Darling property is most probably being impacted by an off-site source of benzene, ethylbenzene, and xylenes. Moreover, the impact to monitoring well MW-6 may be an indicator of both future and present impacts to monitoring well MW-3 which is directly downgradient and therefore in the path of any migrating contaminants.

As required in the NJDEP transmittal dated September 25, 1996, the groundwater levels will be measured on a monthly basis for six consecutive months. This information will be used to develop groundwater contour maps to document the groundwater flow at this site. In addition, the groundwater samples to be collected in March of 1997, the next scheduled sampling event will be analyzed for total volatile organic compounds (VOCs) as required by NJDEP in the referenced transmittal. As stated in the NJDEP transmittal, additional project activities will be contingent on the results of the groundwater contour documentation and the analytical results of the March 1997 sampling event.

GROUNDWATER MONITORING AND PROGRESS REPORT
DARLING INTERNATIONAL, INC.
825 WILSON AVENUE
NEWARK, NEW JERSEY
CASE NO. 94-03-29-1525

Submitted To:

New Jersey Department of Environmental Protection
Division of Responsible Party Site Remediation
Bureau of Underground Storage Tanks
CN 029
Trenton, New Jersey 08625-0029

Prepared For:

Darling International Inc.
251 O'Connor Ridge Boulevard
Irving, Texas 75038

Prepared By:

IT Corporation
2200 Cottontail Lane
Somerset, New Jersey 08873

October 1996

Project No. 529723

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INTERNATIONAL
TECHNOLOGY
CORPORATION

Regional Office

2200 Cottontail Lane
Somerset, New Jersey 08873-1245
908-469-5599
FAX 908-469-7275

November 25, 1996

Project #529723

Mr. Gerald Hahn
New Jersey Department of Environmental Protection
Bureau of Underground Storage Tanks
CN-28
401 East State Street
Trenton, New Jersey 08625

Darling International, Inc.
825 Wilson Avenue
Newark, Essex County
Case #94-03-29-1525
Closure #(s) C91-4385, C93-5955
UST #0200864

Dear Mr. Hahn:

Attached please find three copies of the Quarterly Groundwater Monitoring Report/Remedial Investigation Progress Report for the above referenced site.

If you need any further information, please do not hesitate to contact me at (908) 469-5599, Ext. 641.

Respectfully,

IT CORPORATION

Bill Schnitzerling

Bill Schnitzerling
Project Manager

BS/ts

cc: Bob Frish - Darling International, Inc.
Bill McMurty - Darling International, Inc.

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1.0 Introduction

This report has been prepared for the Darling International, Inc. (Darling) facility in Newark, New Jersey (Case No. 94-03-29-1525). This report presents the quarterly groundwater monitoring results for samples collected on September 17, 1996. The quarterly groundwater monitoring results are being submitted in accordance with groundwater monitoring recommendations described in the August 22, 1995 *Remedial Investigation Report* (RIR) submitted by IT Corporation (IT) on behalf of Darling.

Historical information regarding the Darling, Newark facility is presented in Section 2.0 of this report. The site location, and monitor well locations are detailed in Figures 1.0 and 2.0, presented at the end of this document. The groundwater flow direction, based on measurements taken during the September 1996 sampling event are detailed in Section 3.0 and summarized on Table 1.0. The field sheets from the September 1996 sampling event are presented in Appendix A. The groundwater contours are depicted in Figure 3.0.

The analytical results of the groundwater samples are discussed in Section 4.0. These results, as well as historical groundwater analytical results, are summarized in Table 2.0. The laboratory quality assurance/quality control data for these samples are presented in Appendix B.

The additional requirements included in the New Jersey Department of Environmental Protection (NJDEP) transmittal dated September 4, 1996 will be addressed in future submittals. The subject requirements include monthly monitoring of the six on-site wells for depth to groundwater; a collection of another sample from sample location SB-4; and, a modified analytical program for the groundwater samples scheduled for collection in March of 1997. The field data and analytical results generated during these activities will be submitted to NJDEP in the April 1997 monitoring report.

TABLE 2.0
DARLING INTERNATIONAL
MONITORING RESULTS
ANALYITCAL DATA

4/15/96 6/25/96

		MW1	2	3	4	5	6	FB	TB	mw1	2	3	4	5	6	FB	TB.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Field Blank [illegible]	Trip Blank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volatile Organics																	
Chloromethane	30	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Bromomethane	10	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Vinyl Chloride	0.08	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Chloroethane		NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Methelene Chloride	2	NA	NA	NA	NA	NA	200000	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Trichlorofluoromethane		NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,1-Dichloroethene	1	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,1-Dichloroethane	70	NA	NA	NA	NA	NA	1300	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
cis-1,2-Dichloroethane	10	NA	NA	NA	NA	NA	930	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
trans-1,2-Dichloroethene	100	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Chloroform	6	NA	NA	NA	NA	NA	110000	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Chloroethane	0.3	NA	NA	NA	NA	NA	2300	ND	ND	NA	NA	NA	NA	NA	NA	ND	
1,1,1-Trichloroethane	30	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	
Carbon Tetrachloride	0.4	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Bromodichloromethane	0.3	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,2-Dichloropropane	0.5	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
cis-1,3-Dichloropropene	0.2	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Trichloroethene	1	NA	NA	NA	NA	NA	4300	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Dibromochloromethane	10	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
2-Chloroethylene vinyl ether		NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,1,2-Trichloroethane	3	NA	NA	NA	NA	NA	2100	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Benzene	0.2	190	22	ND	ND	2.5	ND	ND	ND	110	13	ND	ND	1.4	300	ND	ND
trans-1,3-Dichloropropene	0.2	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Bromoform	4	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Tetrachloroethane	0.4	NA	NA	NA	NA	NA	2100	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,1,1,2-Tetrachloroethane	10	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,1,2,2-Tetrachloroethane	2	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Toluene	1000	450	32	ND	ND	ND	2400	ND	ND	360	17	ND	ND	ND	2200	ND	ND
Chlorobenzene	4	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Ethylbenzene	700	17	3.6	2100	ND	ND	ND	ND	ND	7.2	1.4	2600	ND	ND	68	ND	ND
1,3-Dichlorobenzene	600	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,2-Dichlorobenzene	600	NA	NA	NA	NA	NA	5000	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,4-Dichlorobenzene	75	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
meta+Para-Xylenes	40 (Total)	57	5.6	7700	ND	ND	ND	ND	ND	33	3	9600	ND	ND	240	ND	ND
ortho-Xylene	40 (Total)	23	3.4	2600	ND	ND	ND	ND	ND	22	3.1	3500	ND	ND	120	ND	
Acetone	700	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	
Acrylonitrile	0.06	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
2-Butanone		NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
4-Methyl-2-pentanone	400	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Stryene	100	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
tert-Butanol (TBA)		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Methyl tert-butyl ether		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,2 Dichloroethane	0.3																
Total BTEX	NA	737	66.8	12400	0	2.5	2400	ND	ND	532.2	37.5	15700	0	1.4	2928	ND	ND

NOTE:
Units are ug/L (ppb)
ND = Not Detected at method detection limit
NA = Not Analyzed
J = Estimated value below method detection limit
Class IIA GW Criteria

↑ ?

TABLE 2.0
DARLING INTERNATIONAL
MONITORING RESULTS
ANALYTICAL DATA

1/18/95 MW1 2 3 4 FB TB

2/14/95 MW1 2 3 4 FB TB

[illegible]	Groundwater Criteria	MW-1 01/18/95	MW-2 01/18/95	MW-3 01/18/95	MW-4 01/18/95	Field Blank 01/18/95	Trip Blank 01/18/95	MW-1 02/14/95	MW-2 02/14/95	[illegible]	[illegible]	[illegible]	[illegible]
Volatile Organics													
Chloromethane	30	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Bromomethane	10	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Vinyl Chloride	0.08	ND	8.6	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Chloroethane		ND	21	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Methelene Chloride	2	2.4	2.8	380	26	ND	3.4	9.8	110	95	9	3.6	4.6
Trichlorofluoromethane		ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,1-Dichloroethene	1	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,1-Dichloroethane	70	ND	8.8	89	0.785	ND	ND	ND	ND	26	ND	ND	ND
cis-1,2-Dichloroethane	10	0.69 J	9.4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
trans-1,2-Dichloroethene	100	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Chloroform	6	ND	ND	ND	ND	ND	ND	ND	ND	27	ND	ND	ND
Chloroethane	0.3	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,1,1-Trichloroethane	30	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Carbon Tetrachloride	0.4	ND	ND	29B	ND	ND	ND	ND	ND	ND	ND	ND	ND
Bromodichloromethane	0.3	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,2-Dichloropropane	0.5	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
cis-1,3-Dichloropropene	0.2	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Trichloroethene	1	0.95	2.4	30	1.3	ND	ND	ND	ND	ND	ND	ND	ND
Dibromochloromethane	10	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
2-Chloroethylene vinyl ether		ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,1,2-Trichloroethane	3	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Benzene	0.2	140	16	33	0.83	ND	ND	63	ND	ND	ND	ND	ND
trans-1,3-Dichloropropene	0.2	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Bromoform	4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Tetrachloroethane	0.4	ND	1.6	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,1,1,2-Tetrachloroethane	10	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,1,2,2-Tetrachloroethane	2	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Toluene	1000	120	52	150	1.3	ND	ND	180	54	83	ND	ND	ND
Chlorobenzene	4	4.8	4.8	ND	ND	ND	ND	ND	ND	1300	ND	ND	ND
Ethylbenzene	700	12	8.3	1700	1.9	ND	ND	24	ND	ND	ND	ND	ND
1,3-Dichlorobenzene	600	1.1	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,2-Dichlorobenzene	600	1.1J	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,4-Dichlorobenzene	75	ND	4.3	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
meta+Para-Xylenes	40 (Total)	45	16	5500	6	ND	ND	81	24	4300	2.7	ND	ND
ortho-Xylene	40 (Total)	20	8.1	1800	2.2	ND	ND	33	ND	1400	ND	ND	ND
Acetone	700	23	37	130J	15	17	23	ND	ND	ND	ND	ND	ND
Acrylonitrile	0.06	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
2-Butanone		ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
4-Methyl-2-pentanone	400	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Stryene	100	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
tert-Butanol (TBA)		8.1J	9.2J	ND	13J	ND	ND	ND	ND	ND	ND	ND	ND
Methyl tert-butyl ether		1.8J	4.7J	ND	2.8J	ND	ND	ND	ND	ND	ND	ND	ND
1,2 Dichloroethane	0.3												
Total BTEX	NA	337	100.4	8183	12.23	ND	ND	381	78	7083	2.7	ND	ND

NOTE:
Units are ug/L (ppb)
ND = Not Detected at method detection limit
NA = Not Analyzed
J = Estimated value below method detection limit
Class IIA GW Criteria

2.0 Historical Information/Physical Setting

Darling, formerly known as Darling-Delaware Co., Inc., contracted IT Corporation (IT) to remove two underground storage tanks (UST's) in March 1994 at their facility located on 825 Wilson Avenue in Newark, New Jersey. This removal project was completed in accordance with the NJDEP UST closure regulations as presented in NJAC 7:14B-9 and associated guidelines.

The Darling site is located in a heavily industrialized section of Newark between Doremus Avenue and Kearny Point Reach near the confluence of the Passaic River and Newark Bay (Figure 1). The Darling site is part of the "Ironbound" section of Newark and is situated across (north) from a section of the Passaic Valley Sewage Treatment Plant. Wetlands have been identified south of the Sewage Treatment Plant by the U.S. Fish and Wildlife Services (USFWS).

Darling purchased the site from Inland Chemical in 1976, and has rendered animal by-products there since. Previous site operations (prior to Darling's ownership) included the manufacturing and recycling of organic and inorganic chemicals. Prior to Inland Chemical, this site and neighboring sites were owned by Vulcan Chemical. Present activities on neighboring sites include composting (to the west), Passaic Valley Sewage Treatment (to the south) and an inactive chemical manufacturer to the north (McKesson - formerly Inland Chemical). The east property line is affronts the Newark Bay.

3.0 Groundwater Elevation and Flow Direction

Groundwater elevations were calculated from the water level measurements taken on September 17, 1996. These water level elevations are shown in Table 1 of this report. The monitoring well locations are depicted in Figure 2.0 presented at the end of this report. A groundwater contour map for the September 1996 sampling event is included as Figure 3 and was constructed by using the elevation of groundwater in feet above mean sea level (MSL).

Based upon the interpretation of groundwater elevations obtained in September 1996, the groundwater appears to be flowing radially towards the area of the tank excavations and away from Newark Bay. This is consistent with the April 1996 groundwater contour map. This map was submitted to NJDEP in August of 1996, as part of the Quarterly Groundwater Monitoring/ Remedial Investigation Progress Report. Since the backfill used in the excavation is more permeable than the native soils in the area, the excavation area may be serving as a recharge zone for groundwater and may explain why the groundwater contamination is highest at monitoring well MW-3. In general, where not influenced by the subject excavation, localized groundwater beneath the Darling facility is flowing in a southwesterly direction rather than northeast as previously assumed.

Tidal fluctuations are believed to influence the groundwater flow direction due to the small hydraulic gradient across the site. According to *Tide Tables 1995 High and Low Water Predictions, East Coast of North and South America*, issued 1994, data collected from the New York reference station indicates that the Port Newark Terminal area of the Newark Bay has tidal fluctuations at a Mean Range of 5.1 feet and a Spring Range of 6.1 feet. The Mean Tide Level for this area is 2.7 feet. Based on the information referenced above, it is reasonable to assume that the hydraulic gradient and therefore groundwater flow direction may change as a result of tidal fluctuations. A small change in hydraulic gradient could alter or reverse groundwater flow directions, particularly in the excavated area where radial flow is observed.

4.0 Quarterly Groundwater Monitoring Event

4.1 Groundwater Sample Collection

IT sampled six monitoring wells on September 17, 1996 for this round of quarterly groundwater monitoring. Samples from monitoring wells MW-1 through MW-6 were collected and analyzed for benzene, toluene, ethylbenzene and xylenes (BTEX).

Groundwater samples were collected and transported in accordance with the (NJDEP) *Field Sampling Procedures Manual for Water Data Acquisition* dated May 1992. Each well was first measured for static water level and total depth in order to determine the volume of the water column. A low-flow purging methodology suggested in the NJDEP December 29, 1995 comment letter was employed to minimize disturbance to the water column during sample collection. Each well was purged approximately three times the volume of the water column using a peristaltic pump at a rate of approximately 0.5 gallons per minute. The field data sheets completed as part of the sampling event are presented in Appendix A. The field information is summarized in Table 1.0.

Groundwater samples were collected using disposable polyethylene bailers. Samples were labeled at the field location and placed into transport coolers containing ice. An on-site field blank of the sampling equipment was obtained for each sampling date. Travel blanks and chain-of-custody documentation accompanied the samples to Laboratory Resources Inc., a NJDEP certified laboratory located in Teterboro, New Jersey.

4.2 Analytical Results

The analytical results of this round of groundwater samples have been compared to the previous groundwater analytical results of samples collected from the site. The historical analytical results are provided in Table 2. As mentioned above, samples collected during this event were analyzed for BTEX. To complete these analyses, samples from MW-1 were diluted by a factor of 20. Samples from MW-3 and MW-6 were diluted by a factors of 100 and 50, respectively. As a result, practical quantitation limits for these samples were elevated.

4.2.1 Benzene

Samples collected from wells MW-1, MW-2, MW-3, MW-5, and MW-6 all exhibit concentrations of benzene concentration above the New Jersey Class IIA Groundwater Quality Criteria of 1 μg/L. The sample from monitoring well MW-6 exhibited the highest benzene concentration at 400 μg/L. Although lower than the 190 μg/L result obtained in April 1996, monitoring well MW-1 also exhibited an elevated benzene concentration of 130 μg/L. Benzene concentrations continued to decrease in monitoring in monitoring well MW-2. The benzene concentrations in monitoring well MW-2 decreased from 34 μg/L (*August 1995*) to 1.5 μg/L. The sample from monitoring MW-4 continued to be nondetectable for benzene. The benzene level of monitoring well MW-6 slightly increased from 1.4 μg/L (*June 1996*) to 2.6 μg/L. The benzene level of monitoring well MW-3 also increased slightly from ND to 2.6 μg/L.

4.2.2 Toluene

Only monitoring Well MW-6 contained above the New Jersey Class IIA Groundwater Quality Criteria of 1000 μg/L with a result of 3300 μg/L. The result was an increase from the concentration of 2200 μg/L detected in monitoring well MW-6 in June 1996. Toluene concentrations continued to decrease in monitoring well MW-2. Toluene concentrations in monitoring well MW-2 were 2.1 μg/L compared to 17 μg/L detected in June 1996. Toluene was not detected in monitoring well MW-4. The toluene level of monitoring well MW-5 increased slightly from not detected to 0.6 μg/L. Monitoring well MW-1 toluene concentrations increase from 300 μg/L (*June 1996*) to 610 μg/L. The toluene concentration of monitoring well MW-3 increased from not detected to 130 μg/L.

4.2.3 Ethylbenzene

Monitoring Well MW-3 was the only sample which exceeded the NJ Class IIA Groundwater Quality Criteria for ethylbenzene of 700 μg/L. The ethylbenzene level of the sample was 2400 μg/L, which is a decrease from the June 1996 concentration of 2600 μg/L. Ethylbenzene was not detected in the MW-4 sample. Ethylbenzene concentration decreased in MW-2, from 14 μg/L (*June 1996*) to 0.6 μg/L (*September 1996*). A decrease was also noted in monitoring well MW-6, 68 μg/L (*June 1996*) to 35 μg/L (*September 1996*). The ethylbenzene level of MW-5 increased slightly from not detected (*June 1996*) to 0.5 μg/L (*September 1996*). The ethylbezene concentration also increased in MW-1 from 7.2 μg/L (*June 1996*) to 18 μg/L (*September 1996*).

4.2.4 Xylenes

Monitoring wells MW-1, MW-3, and MW-6 exceeded the NJ Class IIA Groundwater Quality Criteria for total xylenes of 40 μg/L. Monitoring well MW-3 had the highest concentration of total xylenes at 14,406 μg/L which was an increase from the result of 13,100 μg/L detected in June 1996. However, the xylene concentration of 13,100 μg/L detected in monitoring MW-3 is still lower than the concentration of 39,000 μg/L detected during the August 1995 event. In addition, these results may be affected by the dilution factor associated with this sample. The total xylene concentration for MW-6 is 216 μg/L, which is above NJDEP criteria but below the June 1996 concentration of 360 μg/L. The xylene concentration of monitoring well MW-1 increased from 55 μg/L (*June 1996*) to 120 μg/L. The total xylene level of monitoring well MW-5 increased slightly from not detectable to 1.7 μg/L. The xylene concentration of monitoring well MW-2 decreased from 6.1 (*June 1996*) to 2.9 μg/L. Xylenes were not detected in monitoring well MW-4.

4.2.5 Total BTEX

Total BTEX concentrations have been continually not detected in MW-4. The total BTEX concentration of monitoring well MW-2 continued to decrease to 7.1 μg/L. A slight BTEX increase was exhibited in MW-5, 1.4 μg/L (June 1996) to 5.4 μg/L. The BTEX levels of monitoring wells MW-1 and MW-3 increased within an order within an order of magnitude of the June 1996 analytical results. The increase detected in MW-6 was over a magnitude of order, 2,928 μg/L (*June 1996*) to 3,951 (*September 1996*).

5.0 Conclusions and Recommendations

As discussed in Section 3.0 of this report, elevated concentrations of BTEX continue to be found in monitoring wells MW-3 and MW-6. Although there is no New Jersey Class IIA Groundwater Quality Criteria for BTEX, several of the individual constituents of BTEX exceed their respective New Jersey Class IIA Groundwater Quality Criteria. Concentrations in monitoring well MW-3 may be impacted by fluctuations in groundwater elevations. Furthermore, since groundwater flows from the McKesson property towards Darling, monitoring well MW-6 which is located at the most upgradient portion of the Darling property is most probably being impacted by an off-site source of benzene, ethylbenzene, and xylenes. Moreover, the impact to monitoring well MW-6 may be an indicator of both future and present impacts to monitoring well MW-3 which is directly downgradient and therefore in the path of any migrating contaminants.

As required in the NJDEP transmittal dated September 25, 1996, the groundwater levels will be measured on a monthly basis for six consecutive months. This information will be used to develop groundwater contour maps to document the groundwater flow at this site. In addition, the groundwater samples to be collected in March of 1997, the next scheduled sampling event will be analyzed for total volatile organic compounds (VOCs) as required by NJDEP in the referenced transmittal. As stated in the NJDEP transmittal, additional project activities will be contingent on the results of the groundwater contour documentation and the analytical results of the March 1997 sampling event.

Table 1

Groundwater Elevations
September 17, 1996
Darling International, Inc.
Newark, New Jersey

Well Number	Top of Casing Elevation (Ft.)	Depth of Water (Ft.)	Groundwater Elevation (Ft.)
MW-1	4.74	0.78	3.96
MW-2	4.54	1.31	3.23
MW-3	5.22	1.86	3.36
MW-4	4.93	1.41	3.52
MW-5	5.98	2.82	3.16
MW-6	6.86	3.14	3.72

Notes:

1) All groundwater elevations are in feet above mean sea level.
2) All measurements collected by IT personnel.
3) All groundwater depths were measured from top of casing.

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TABLE 2.0
DARLING INTERNATIONAL
MONITORING RESULTS
ANALYITCAL DATA

1/18/95 | 2/14/95

		MW1	2	3	4	FB	TB	MW1	2	3	4	FB	TB
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volatile Organics													
Chloromethane	30	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Bromomethane	10	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Vinyl Chloride	0.06	ND	8.6	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Chloroethane		ND	21	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Methelene Chloride	2	2.4	2.8	380	26	ND	3.4	9.8	110	95	9	3.6	4.6
Trichlorofluoromethane		ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,1-Dichloroethene	1	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,1-Dichloroethane	70	ND	8.8	69	0.785	ND	ND	ND	ND	26	ND	ND	ND
cis-1,2-Dichloroethane	10	0.69 J	9.4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
trans-1,2-Dichloroethene	100	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Chloroform	6	ND	ND	ND	ND	ND	ND	ND	ND	27	ND	ND	ND
Chloroethane	0.3	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,1,1-Trichloroethane	30	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Carbon Tetrachloride	0.4	ND	ND	29B	ND	ND	ND	ND	ND	ND	ND	ND	ND
Bromodichloromethane	0.3	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,2-Dichloropropane	0.5	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
cis-1,3-Dichloropropene	0.2	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Trichloroethene	1	0.95	2.4	30	1.3	ND	ND	ND	ND	ND	ND	ND	ND
Dibromochloromethane	10	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
2-Chloroethylene vinyl ether		ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,1,2-Trichloroethane	3	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Benzene	0.2	140	16	33	0.83	ND	ND	63	ND	ND	ND	ND	ND
trans-1,3-Dichloropropene	0.2	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Bromoform	4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Tetrachloroethane	0.4	ND	1.6	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,1,1,2-Tetrachloroethane	10	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,1,2,2-Tetrachloroethane	2	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Toluene	1000	120	52	150	1.3	ND	ND	180	54	83	ND	ND	ND
Chlorobenzene	4	4.8	4.8	ND	ND	ND	ND	ND	ND	1300	ND	ND	ND
Ethylbenzene	700	12	8.3	1700	1.9	ND	ND	24	ND	ND	ND	ND	ND
1,3-Dichlorobenzene	600	1.1	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,2-Dichlorobenzene	600	1.1J	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
1,4-Dichlorobenzene	75	ND	4.3	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
meta+Para-Xylenes	40 (Total)	45	16	5500	6	ND	ND	81	24	4300	2.7	ND	ND
ortho-Xylene	40 (Total)	20	6.1	1800	2.2	ND	ND	33	ND	1400	ND	ND	ND
Acetone	700	23	37	130J	15	17	23	ND	ND	ND	ND	ND	ND
Acrylonitrile	0.06	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
2-Butanone		ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
4-Methyl-2-pentanone	400	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Stryene	100	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
tert-Butanol (TBA)		8.1J	9.2J	ND	13J	ND	ND	ND	ND	ND	ND	ND	ND
Methyl tert-butyl ether		1.8J	4.7J	ND	2.8J	ND	ND	ND	ND	ND	ND	ND	ND
1,2 Dichloroethane	0.3												
Total BTEX	NA	337	100.4	9183	12.23	ND	ND	381	78	7083	2.7	ND	ND

NOTE:
Units are ug/L (ppb)
ND = Not Detected at method detection limit
NA = Not Analyzed
J = Estimated value below method detection limit
Class IIA GW Criteria

TABLE 2.0
DARLING INTERNATIONAL
MONITORING RESULTS
ANALYITCAL DATA

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volatile Organics													
Chloromethane	30	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Bromomethane	10	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Vinyl Chloride	0.08	NA	NA	NA	NA	NA	ND	ND	NA	NA	2.7	ND	ND
Chloroethane		NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Methelene Chloride	2	NA	NA	NA	NA	NA	6.8	2.5	NA	NA	ND	2.1	1.8
Trichlorofluoromethane		NA	NA	NA	NA	NA	ND	ND	NA	NA	1.6	ND	ND
1,1-Dichloroethene	1	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
1,1-Dichloroethane	70	NA	NA	NA	NA	NA	ND	ND	NA	NA	3.9	ND	ND
cis-1,2-Dichloroethane	10	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
trans-1,2-Dichloroethene	100	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Chloroform	6	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Chloroethane	0.3	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,1,1-Trichloroethane	30	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Carbon Tetrachloride	0.4	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Bromodichloromethane	0.3	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
1,2-Dichloropropane	0.5	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
cis-1,3-Dichloropropene	0.2	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Trichloroethene	1	NA	NA	NA	NA	NA	ND	ND	NA	NA	1.1	ND	ND
Dibromochloromethane	10	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
2-Chloroethylene vinyl ether		NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
1,1,2-Trichloroethane	3	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Benzene	0.2	82	29	NA	ND	NA	ND	ND	ND	NA	5.6	ND	ND
trans-1,3-Dichloropropene	0.2	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Bromoform	4	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Tetrachloroethane	0.4	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
1,1,1,2-Tetrachloroethane	10	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
1,1,2,2-Tetrachloroethane	2	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Toluene	1000	520	50	NA	ND	NA	ND	ND	160	NA	ND	ND	ND
Chlorobenzene	4	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Ethylbenzene	700	45	8.7	NA	ND	NA	ND	ND	3500	NA	ND	ND	ND
1,3-Dichlorobenzene	600	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
1,2-Dichlorobenzene	600	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
1,4-Dichlorobenzene	75	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
meta+Para-Xylenes	40 (Total)	140	13	NA	ND	NA	ND	ND	13000	ND	ND	ND	ND
ortho-Xylene	40 (Total)	56	6.4	NA	ND	NA	ND	ND	4100	ND	ND	ND	ND
Acetone	700	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Acrylonitrile	0.06	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
2-Butanone		NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
4-Methyl-2-pentanone	400	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Stryene	100	NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
tert-Butanol (TBA)		NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
Methyl tert-butyl ether		NA	NA	NA	NA	NA	ND	ND	NA	NA	ND	ND	ND
1,2 Dichloroethane	0.3												
Total BTEX	NA	843	107.1	NA	NA	ND	ND	ND	20760	ND	5.6	ND	ND

NOTE:
Units are ug/L (ppb)
ND = Not Detected at method detection limit
NA = Not Analyzed
J = Estimated value below method detection limit
Class IIA GW Criteria

TABLE 2.0
DARLING INTERNATIONAL
MONITORING RESULTS
ANALYITCAL DATA

4/15/96

6/25/96

		MW1	2	3	4	5	6	FB	TB	mw1	2	3	4	5	6	FB	TB
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volatile Organics																	
Chloromethane	30	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Bromomethane	10	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Vinyl Chloride	0.06	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Chloroethane		NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Methelene Chloride	2	NA	NA	NA	NA	NA	200000	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Trichlorofluoromethane		NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,1-Dichloroethene	1	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,1-Dichloroethane	70	NA	NA	NA	NA	NA	1300	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
cis-1,2-Dichloroethane	10	NA	NA	NA	NA	NA	930	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
trans-1,2-Dichloroethene	100	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Chloroform	6	NA	NA	NA	NA	NA	110000	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Chloroethane	0.3	NA	NA	NA	NA	NA	2300	ND	ND	NA	NA	NA	NA	NA	NA	ND	N
1,1,1-Trichloroethane	30	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	N
Carbon Tetrachloride	0.4	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Bromodichloromethane	0.3	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,2-Dichloropropane	0.5	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
cis-1,3-Dichloropropene	0.2	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Trichloroethene	1	NA	NA	NA	NA	NA	4300	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Dibromochloromethane	10	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
2-Chloroethylene vinyl ether		NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,1,2-Trichloroethane	3	NA	NA	NA	NA	NA	2100	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Benzene	0.2	190	22	ND	ND	2.5	ND	ND	ND	110	13	ND	ND	1.4	300	ND	ND
trans-1,3-Dichloropropene	0.2	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Bromoform	4	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Tetrachloroethane	0.4	NA	NA	NA	NA	NA	2100	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,1,1,2-Tetrachloroethane	10	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,1,2,2-Tetrachloroethane	2	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Toluene	1000	450	32	ND	ND	ND	2400	ND	ND	360	17	ND	ND	ND	2200	ND	ND
Chlorobenzene	4	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Ethylbenzene	700	17	3.6	2100	ND	ND	ND	ND	ND	7.2	1.4	2600	ND	ND	68	ND	ND
1,3-Dichlorobenzene	600	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,2-Dichlorobenzene	600	NA	NA	NA	NA	NA	5600	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
1,4-Dichlorobenzene	75	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
meta+Para-Xylenes	40 (Total)	57	5.6	7700	ND	ND	ND	ND	ND	33	3	9600	ND	ND	240	ND	N
ortho-Xylene	40 (Total)	23	3.4	2600	ND	ND	ND	ND	ND	22	3.1	3500	ND	ND	120	ND	[illegible]
Acetone	700	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Acrylonitrile	0.06	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
2-Butanone		NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
4-Methyl-2-pentanone	400	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
Stryene	100	NA	NA	NA	NA	NA	ND	ND	ND	NA	NA	NA	NA	NA	NA	ND	ND
tert-Butanol (TBA)		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Methyl tert-butyl ether		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,2 Dichloroethane	0.3																
Total BTEX	NA	737	66.8	12400	0	2.5	2400	ND	ND	532.2	37.5	15700	0	1.4	2928	ND	ND

NOTE:
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Class IIA GW Criteria

TABLE 2.0
DARLING INTERNATIONAL
MONITORING RESULTS
ANALYITCAL DATA

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volatile Organics															
Chloromethane	30	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Bromomethane	10	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vinyl Chloride	0.06	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Chloroethane		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Methelene Chloride	2	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Trichlorofluoromethane		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,1-Dichloroethene	1	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,1-Dichloroethane	70	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
cis-1,2-Dichloroethane	10	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
trans-1,2-Dichloroethene	100	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Chloroform	6	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Chloroethane	0.3	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,1,1-Trichloroethane	30	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Carbon Tetrachloride	0.4	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Bromodichloromethane	0.3	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,2-Dichloropropane	0.5	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
cis-1,3-Dichloropropene	0.2	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Trichloroethene	1	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Dibromochloromethane	10	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2-Chloroethylene vinyl ether		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,1,2-Trichloroethane	3	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Benzene	0.2	63	34	ND (26)	ND	6.9	ND	ND	100	14	ND	ND	4.2	ND	ND
trans-1,3-Dichloropropene	0.2	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Bromoform	4	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Tetrachloroethane	0.4	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,1,1,2-Tetrachloroethane	10	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,1,2,2-Tetrachloroethane	2	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Toluene	1000	870	44	ND (10)	ND	1.7	ND	ND	480	29	ND	ND	ND	ND	ND
Chlorobenzene	4	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Ethylbenzene	700	46	3.1	6700	ND	2.7	ND	ND	20	4.2	390	ND	0.47	ND	ND
1,3-Dichlorobenzene	600	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,2-Dichlorobenzene	600	NA	NA	NA	NA	NA	NA	NA	NA	NA	3400	0.6	0.56	NA	NA
1,4-Dichlorobenzene	75	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
meta+Para-Xylenes	40 (Total)	180	6.1	28000	ND	8.5	NA	NA	82	9	16000	1.2	NA	NA	NA
ortho-Xylene	40 (Total)	69	3.2	11000	ND	3.7	NA	NA	35	5.5	4800	0.53	NA	NA	NA
Acetone	700	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.64	NA	NA
Acrylonitrile	0.06	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.56	NA	NA
2-Butanone		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
4-Methyl-2-pentanone	400	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Stryene	100	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
tert-Butanol (TBA)		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Methyl tert-butyl ether		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1,2 Dichloroethane	0.3														
Total BTEX	NA	1228	90.4	47700	ND	23.5	ND	ND	717	61.7	24590	2.33	6.45	ND	ND

NOTE:
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J = Estimated value below method detection limit
Class IIA GW Criteria

TABLE 2.0
DARLING INTERNATIONAL
MONITORING RESULTS
ANALYITCAL DATA

FIELD

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volatile Organics									
Chloromethane	30	NA	NA	NA	NA	NA	NA	ND	ND
Bromomethane	10	NA	NA	NA	NA	NA	NA	ND	ND
Vinyl Chloride	0.08	NA	NA	NA	NA	NA	NA	ND	ND
Chloroethane		NA	NA	NA	NA	NA	NA	ND	ND
Methelene Chloride	2	NA	NA	NA	NA	NA	NA	ND	ND
Trichlorofluoromethane		NA	NA	NA	NA	NA	NA	ND	ND
1,1-Dichloroethene	1	NA	NA	NA	NA	NA	NA	ND	ND
1,1-Dichloroethane	70	NA	NA	NA	NA	NA	NA	ND	ND
cis-1,2-Dichloroethane	10	NA	NA	NA	NA	NA	NA	ND	ND
trans-1,2-Dichloroethene	100	NA	NA	NA	NA	NA	NA	ND	ND
Chloroform	6	NA	NA	NA	NA	NA	NA	ND	ND
Chloroethane	0.3	NA	NA	NA	NA	NA	NA	ND	ND
1,1,1-Trichloroethane	30	NA	NA	NA	NA	NA	NA	ND	ND
Carbon Tetrachloride	0.4	NA	NA	NA	NA	NA	NA	ND	ND
Bromodichloromethane	0.3	NA	NA	NA	NA	NA	NA	ND	ND
1,2-Dichloropropane	0.5	NA	NA	NA	NA	NA	NA	ND	ND
cis-1,3-Dichloropropene	0.2	NA	NA	NA	NA	NA	NA	ND	ND
Trichloroethene	1	NA	NA	NA	NA	NA	NA	ND	ND
Dibromochloromethane	10	NA	NA	NA	NA	NA	NA	ND	ND
2-Chloroethylene vinyl ether		NA	NA	NA	NA	NA	NA	ND	ND
1,1,2-Trichloroethane	3	NA	NA	NA	NA	NA	NA	ND	ND
Benzene	0.1	130	1.5	2.6	ND	2.6	400	ND	ND
trans-1,3-Dichloropropene	0.2	NA	NA	NA	NA	NA	NA	ND	ND
Bromoform	4	NA	NA	NA	NA	NA	NA	ND	ND
Tetrachloroethane	0.4	NA	NA	NA	NA	NA	NA	ND	ND
1,1,1,2-Tetrachloroethane	10	NA	NA	NA	NA	NA	NA	ND	ND
1,1,2,2-Tetrachloroethane	2	NA	NA	NA	NA	NA	NA	ND	ND
Toluene	1000	610	2.1	130	ND	0.6	3300	ND	ND
Chlorobenzene	4	NA	NA	NA	NA	NA	NA	ND	ND
Ethylbenzene	700	18	0.6	2400	ND	0.5	35	ND	ND
1,3-Dichlorobenzene	600	NA	NA	NA	NA	NA	NA	ND	ND
1,2-Dichlorobenzene	600	NA	NA	NA	NA	NA	NA	ND	ND
1,4-Dichlorobenzene	75	NA	NA	NA	NA	NA	NA	ND	ND
meta+Para-Xylenes	40 (Total)	71	1.2	11000	ND	0.7	140	ND	ND
ortho-Xylene	40 (Total)	49	1.7	3400	ND	1	76	ND	ND
Acetone	700	NA	NA	NA	NA	NA	NA	ND	ND
Acrylonitrile	0.06	NA	NA	NA	NA	NA	NA	ND	ND
2-Butanone		NA	NA	NA	NA	NA	NA	ND	ND
4-Methyl-2-pentanone	400	NA	NA	NA	NA	NA	NA	ND	ND
Stryene	100	NA	NA	NA	NA	NA	NA	ND	ND
tert-Butanol (TBA)		NA	NA	NA	NA	NA	NA	NA	NA
Methyl tert-butyl ether		NA	NA	NA	NA	NA	NA	NA	NA
1,2 Dichloroethane	0.3								
Total BTEX	NA	878	7.1	16930	0	5.4	3951	ND	ND

NOTE:
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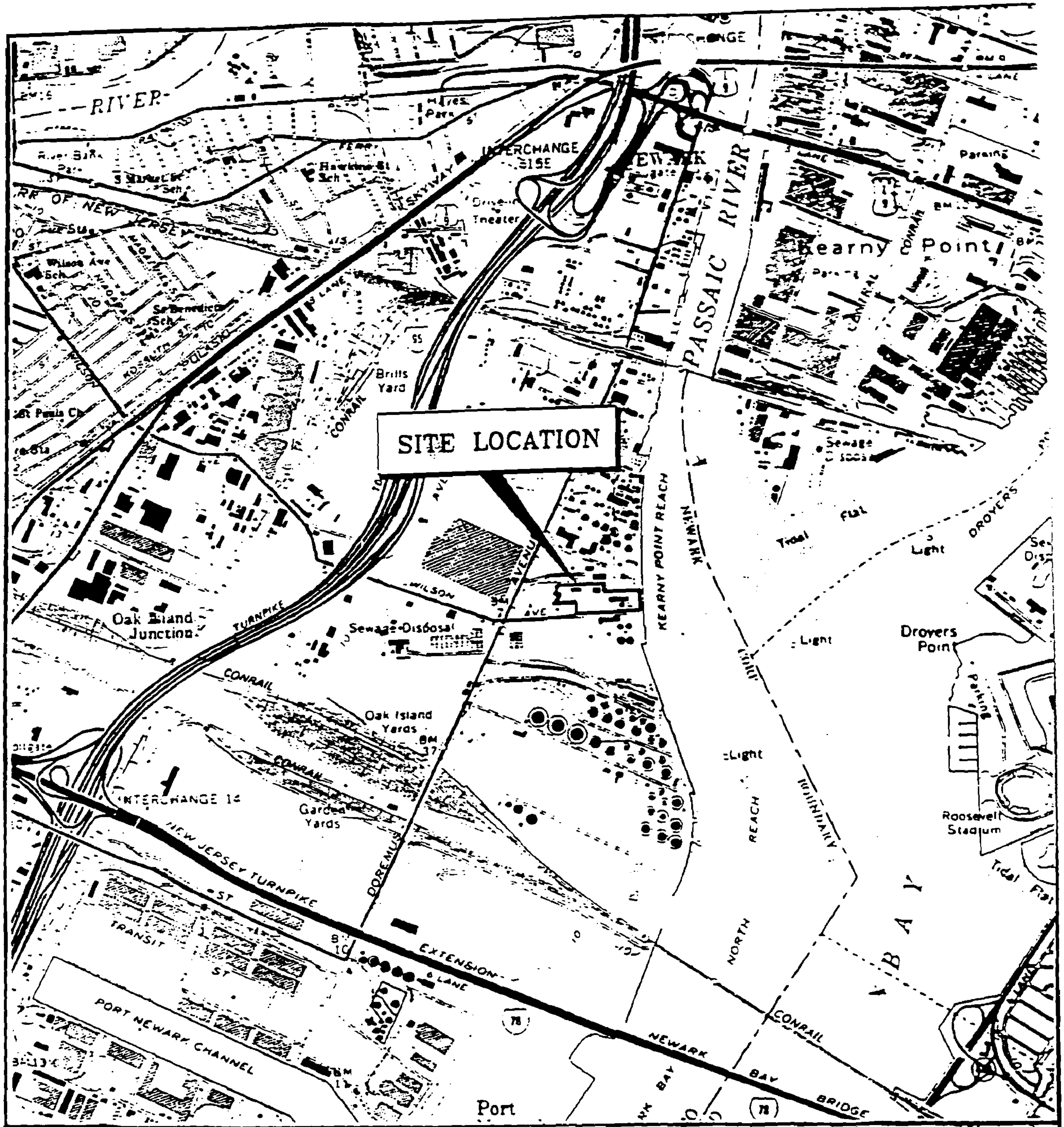
J = Estimated value below method detection limit
Class IIA GW Criteria



SOURCE:
USGS 7.5 MINUTE SERIES TOPOGRAPHIC MAPS,
ELIZABETH, NJ AND JERSEY CITY, NJ–NY QUADRANGLES, 1981.

NOTE: PROPERTY BOUNDARY APPROXIMATE

1000 0 1000 2000
SCALE OF FEET

0 | 5/26/94 | DEVELOPED DRAWING | J.R.D.

B. VOGEL | R. REINHART | 5/26/94

INTERNATIONAL TECHNOLOGY CORPORATION

FIGURE 1

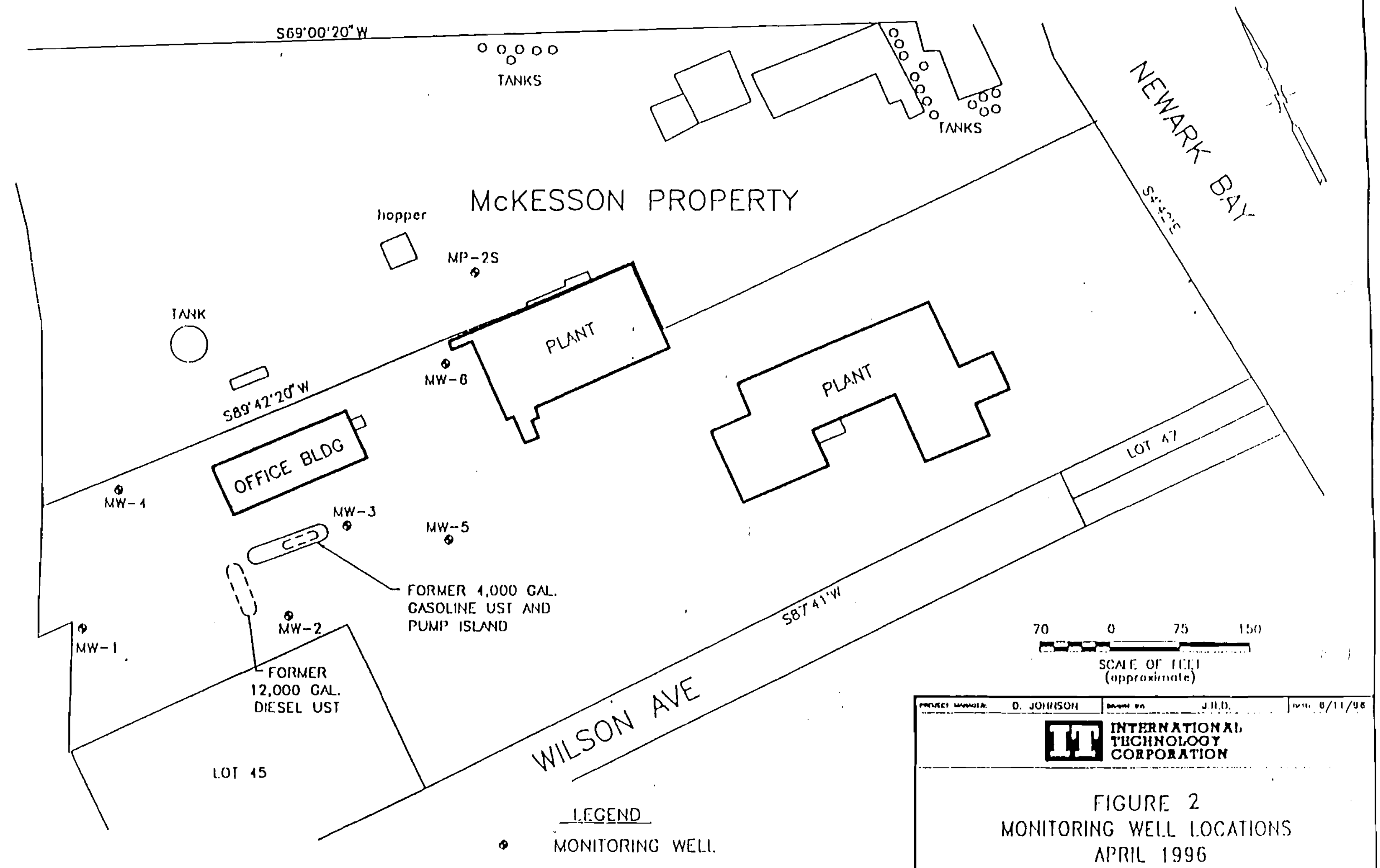
VICINITY MAP

Prepared For:

DARLING INTERNATIONAL INC.
825 WILSON AVE.
NEWARK, NEW JERSEY
NOVEMBER 1995

529723 | A3 | 529723–A3

529723A3 05/31/94 10:10am EDDY K. WU



PROJECT MANAGER D. JOHNSON	DRAWN BY J.H.D.	DATE 8/11/98

INTERNATIONAL TECHNOLOGY CORPORATION

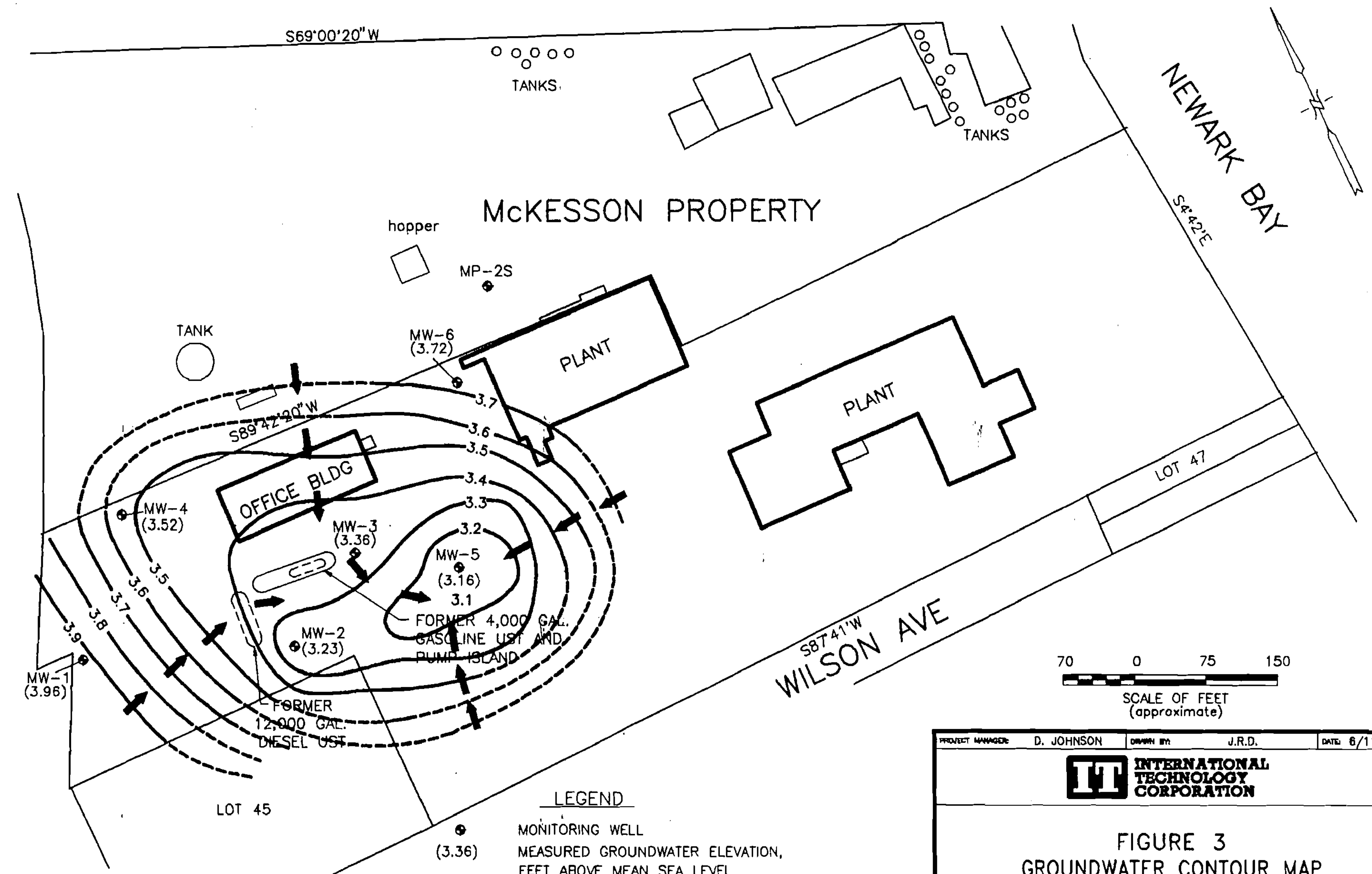
FIGURE 2
MONITORING WELL LOCATIONS
APRIL 1996

Prepared For:

DARLING INTERNATIONAL INC.
NEWARK, NEW JERSEY

PROJECT NO.	FILE NO.		DRAWING NUMBER
529723	A18		529723-A18

SOURCE: BASED ON SITE MAP PROVIDED
BY DARLING INTERNATIONAL INC.
NEWARK, N.J.



LEGEND

⊕	MONITORING WELL
(3.36)	MEASURED GROUNDWATER ELEVATION, FEET ABOVE MEAN SEA LEVEL
—3.5- - -	GROUNDWATER ELEVATION, FEET ABOVE MAIN SEA LEVEL. DASHED WHERE INFERRED
⬅	GROUNDWATER FLOW DIRECTION

SOURCE: BASED ON SITE MAP PROVIDED
BY DARLING INTERNATIONAL INC.
NEWARK, N.J.

PROJECT MANAGER: D. JOHNSON	DRAWN BY: J.R.D.	DATE: 6/11/96

INTERNATIONAL TECHNOLOGY CORPORATION

FIGURE 3
GROUNDWATER CONTOUR MAP
SEPTEMBER 17, 1996
Prepared For:

DARLING INTERNATIONAL INC.
NEWARK, NEW JERSEY

PROJECT NO.	FILE NO.	CHK'D: EDR ENG. EDR APPVD.	DRAWING NUMBER	REV. NO.
529723	A18		529723-A18	

APPENDIX A

Field Data

tsantana\g:\wp\darling.rpt

Groundwater Sampling Data

Page 1 of 2

Project Name: Darling Newark

Location: Wilson Ave Newark, NJ

Project Number:

Date: 9/17/96

Mon [✓ Tue] Wed Thu Fri

Weather conditions: overcast, heavy rain

Sample Team: PAUL ANGELILLO

Meter Calib. Data

pH Meter S/N

pH stds. 4.01 7.00 10.00

Readings

Slope %Temp°c

Dissolved O2 Meter S/N

Dissolved O2 Temp° mg/L

Conductivity Meter S/N

Standards 1,000 umhos/cm 10,000 umhos/cm

Readings

TEMP°c ~70°F

Sampling Description:

[✓ QTR] Semi-Annual Monthly Weekly

Pre-Purge Reading

Permit No.

Well No. 4

pH 6.45

Temp°c 18.1

Cond. 2.89 DO2 43%

Distance from top of casing to grade (ft) =

Dia. of casing (in) = 4

Depth to bottom (ft) = 11.40

Depth to water (ft) = 1.41

Water column (ft) = 9.99

Volume in casing (gal) = 6.52

Estimated volume to purge (gal) = 19.6

Slow Recovery [Y] [✓ [N]]

Purged Dry [Y] [✓ [N]]

Elevation Recovered To: Time:

ODOR [✓ [Y]] [N] Type: [✓ Petro] Organic Other

COLOR:

Comments:

initial - clear

sample - clear

Post Purge

pH 6.71

Temp°c 19.1

Cond. 2.50 DO2 27%

Purging Begins: 1220

Purging Ends: 1241

Purge Rate (gpm) 1

Actual volume purged (gal) 21

Sample Reading

Time:

pH 6.63

Temp°c 19.2

Cond. 2.69 DO2 23.3%

Sample Collected @ 1320

Sampling Ends @ 1325

Pre-Purge Reading

Permit No.

Well No. 1

pH 6.72

Temp°c 18

Cond. 4.64 DO2 23.3%

Distance from top of casing to grade (ft) =

Dia. of casing (in) = 4

Depth to bottom (ft) = 11.50

Depth to water (ft) = 0.78

Water column (ft) = 10.80

Volume in casing (gal) = 7.05

Estimated volume to purge (gal) = 21.2

Slow Recovery [Y] [✓ [N]]

Purged Dry [Y] [✓ [N]]

Elevation Recovered To: Time:

ODOR [✓ [Y]] [N] Type: [✓ Petro] Organic Other

COLOR:

Comments:

initial - turbid, lt. black particles

sample - clear, black particles

Post Purge

pH 6.63

Temp°c 18.5

Cond. 4.53 DO2 19.2%

Purging Begins: 1211

Purging Ends: 1233

Purge Rate (gpm) 1

Actual volume purged (gal) 22

Sample Reading

Time:

pH 6.58

Temp°c 18.4

Cond. 4.41 DO2 19%

Sample Collected @ 1250

Sampling Ends @ 1255

Casing Dia	Gallons/Linear Ft	Casing Dia	Gallons/Linear Ft	Alternate Calculation
1"	0.0408	6"	1.4688	$(.163/h) \times (2/d)^2$
2"	0.1632	8"	2.6112	h = Water Column
3"	0.3672	10"	4.080	d = Casing diameter
4"	0.6528	12"	5.8752	

Page 2 of 3

Project Name: Darling, Newark Project Number: Date: 9/17/96

Pre-Purge Reading
Permit No.
Well No. 2
pH 7.12
Temp°c 17
Cond. 13.3 DO2 17.6%

Distance from top of casing to grade (ft)=
Dia. of casing (in) = 4
Depth to bottom (ft) = 11.53
Depth to water (ft) = 1.31
Water column (ft)= 10.22
Volume in casing (gal) = 6.7
Estimated volume to purge (gal)= 20.1

Post Purge
pH 7.36
Temp°c 17.8
Cond. 14.4 DO2 22%

Purging Begins: 1235
Purging Ends: 1300
Purge Rate (gpm) 1
Actual volume purged (gal) 25

Sample Reading
Time:
pH 7.21
Temp°c 17.3
Cond. 13.8 DO2 18.1%

Sample Collected @ 1340
Sampling Ends @ 1345

Slow Recovery [Y] [✓ N]
Purged Dry [Y] [✓ N]
Elevation Recovered To: Time:
ODOR [✓ Y] [N] Type: [✓ Petro] Organic Other
COLOR:
Comments:
initial - yellowish tint
sample - clear, yellow tint

Pre-Purge Reading
Permit No.
Well No. 3
pH 6.72
Temp°c 18.7
Cond. 4.27 DO2 18%

Distance from top of casing to grade (ft) =
Dia. of casing (in) = 4
Depth to bottom (ft) = 11.40
Depth to water (ft) = 1.86
Water column (ft)= 9.54
Volume in casing (gal) = 6.2
Estimated volume to purge (gal)= 18.6

Post Purge
pH 6.82
Temp°c 17.9
Cond. 4.01 DO2 17%

Purging Begins: 1327
Purging Ends: 1345
Purge Rate (gpm) 1
Actual volume purged (gal) 18

Sample Reading
Time:
pH 6.91
Temp°c 18.1
Cond. 4.21 DO2 17%

Sample Collected @ 1350
Sampling Ends @ 1355

Slow Recovery [Y] [✓ N]
Purged Dry [Y] [✓ N]
Elevation Recovered To: Time:
ODOR [✓ Y] [N] Type: [✓ Petro] Organic Other
STONG ODOR
COLOR:
Comments:
initial - turbid
sample - slightly turbid

Pre-Purge Reading
Permit No.
Well No. 5
pH 6.38
Temp°c 22.3
Cond. 2.50 DO2 21.1%

Distance from top of casing to grade (ft) =
Dia. of casing (in) = 4
Depth to bottom (ft) = 11.7
Depth to water (ft) = 2.82
Water column (ft)= 8.88
Volume in casing (gal) = 5.8
Estimated volume to purge (gal)= 17.4

Post Purge
pH 6.79
Temp°c 21.5%
Cond. 2.17 DO2 20.1%

Purging Begins: 1400
Purging Ends: 1420
Purge Rate (gpm) 1
Actual volume purged (gal) 20

Sample Reading
Time:
pH 6.41
Temp°c 21.1
Cond. 2.32 DO2 22%

Sample Collected @ 1422
Sampling Ends @ 1425

Slow Recovery [Y] [✓ N]
Purged Dry [Y] [✓ N]
Elevation Recovered To: Time:
ODOR [✓ Y] [N] Type: [✓ Petro] Organic Other
COLOR:
Comments:
initial - black, turbid
sample - clear

Page 3 of 3

Project Name: Darling Newark Project Number: ____________ ate: 9/17/96

Pre-Purge Reading

Permit No. ____________

Well No. 6

pH 5.37

Temp°c 20.6

Cond. 1.82 DO2 15.8%

Distance from top of casing to grade (ft)=

Dia. of casing (in) = 4

Depth to bottom (ft) = 11.48

Depth to water (ft) = 3.14

Water column (ft)= 8.34

Volume in casing (gal) = 5.44

Estimated volume to purge (gal)= 16

Slow Recovery [Y] [✓ [N]]

Purged Dry [Y] [✓ [N]]

Elevation Recovered To: ____________ Time: ______

ODOR [Y] [✓ [N]] Type: Petro Organic Other

COLOR: ____________

Comments:

initial - clear

sample - clear

Post Purge

pH 6.2

Temp°c 22

Cond. 2.1 DO2 19%

Purging Begins: 1440

Purging Ends: 1458

Purge Rate (gpm) 1

Actual volume purged (gal) 18

Sample Reading

Time: ______

pH 6.01

Temp°c 21

Cond. 1.95 DO2 18.5%

Sample Collected @ 1500

Sampling Ends @ 1505

Pre-Purge Reading

Permit No. ____________

Well No. ____________

pH ________

Temp°c ______

Cond. ________ DO2 ________

Distance from top of casing to grade (ft) =

Dia. of casing (in) = ________

Depth to bottom (ft) = ________

Depth to water (ft) = ________

Water column (ft)= ________

Volume in casing (gal) = ________

Estimated volume to purge (gal)= ________

Slow Recovery [Y] [N]

Purged Dry [Y] [N]

Elevation Recovered To: ____________ Time: ______

ODOR [Y] [N] Type: Petro Organic Other

COLOR: ____________

Comments:

Post Purge

pH ________

Temp°c ______

Cond. ________ DO2 ________

Purging Begins: ________

Purging Ends: ________

Purge Rate (gpm) ________

Actual volume purged (gal) ________

Sample Reading

Time: ________

pH ________

Temp°c ______

Cond. ________ DO2

Sample Collected @ ________

Sampling Ends @ ________

PJA

9/17/96

Pre-Purge Reading

Permit No. ____________

Well No. ____________

pH ________

Temp°c ______

Cond. ________ DO2 ________

Distance from top of casing to grade (ft) =

Dia. of casing (in) = ________

Depth to bottom (ft) = ________

Depth to water (ft) = ________

Water column (ft)= ________

Volume in casing (gal) = ________

Estimated volume to purge (gal)= ________

Slow Recovery [Y] [N]

Purged Dry [Y] [N]

Elevation Recovered To: ____________ Time: ______

ODOR [Y] [N] Type: Petro Organic Other

COLOR: ____________

Comments:

Post Purge

pH ________

Temp°c ______

Cond. ________ DO2 ________

Purging Begins: ________

Purging Ends: ________

Purge Rate (gpm) ________

Actual volume purged (gal) ________

Sample Reading

Time: ________

pH ________

Temp°c ______

Cond. ________ DO2 ________

Sample Collected @ ________

Sampling Ends @ ________

1C

McKesson Chemical Company
Foremost-McKesson
Chemical Group
One Post Street
San Francisco, CA 94104
415 983 8300

9/1

(415) 983-7505

FOREMOST
McKESSON

PAB

Chief, Waste Management Branch
U.S. Environmental Protection Agency
Solid Waste Branch
26 Federal Plaza
New York, NY 10007

Inland Chemical Corporation - Facilities at: Newark, NJ - EPA # NJD002153922; Manati, Puerto Rico - EPA # PRD090399718; and Syracuse, NY - EPA # NYD075806836.

Gentlemen:

We have reached an agreement in principle to acquire Inland Chemical Corporation, which is primarily a recycler of chemicals. We currently anticipate that this transaction will be consummated within the next 60-90 days.

No changes in personnel, equipment, or operations are planned at this time. In brief, our plans are to operate the facilities as in the past.

Inland has duly filed notifications with EPA concerning hazardous waste activities, as well as Part A applications covering its facilities. A copy of the acknowledgement of receipt of the Part A application with respect to the Inland facilities at Puerto Rico, New Jersey and New York.

change
facility name to...

The form of the proposed acquisition would call for the merger of Inland into a wholly-owned subsidiary of our company called McKesson Envirosystems Company, a California corporation. It appears that the various state and federal permits and authorizations held by Inland will have to be transferred to our subsidiary. So that there may be an orderly transition, we would like to determine what steps are needed to effect these transfers and would like to commence those steps as soon as reasonably possible. We respectfully request your guidance and assistance in this matter.

Thank you for your kind cooperation.

Respectfully,

G. N. Butter,
Director of Recycling

GNB:kw

SEP 1 3 29 PM '81
ENVIRONMENTAL PROTECTION AGENCY
NEW YORK, N.Y. 10007

10

(fill—in areas are spaced for elite type, i.e., 12 characters/inch).

Form Approved OMB No. 158-R0175

FORM 1 GENERAL

EPA

VIRONMENTAL PROTECTION AGENCY

GENERAL INFORMATION

Consolidated Permits Program

(Read the "General Instructions" before starting.)

I. EPA I.D. NUMBER

F NJD002153922 3

LABEL ITEMS

- I. EPA I.D. NUMBER
- III. FACILITY NAME
- V. FACILITY MAILING ADDRESS
- VI. FACILITY LOCATION

PLEASE PLACE LABEL IN THIS SPACE

GENERAL INSTRUCTIONS

If a preprinted label has been provided, affix it in the designated space. Review the information carefully; if any of it is incorrect, cross through it and enter the correct data in the appropriate fill—in area below. Also, if any of the preprinted data is absent *(the area to the left of the label space lists the information that should appear)*, please provide it in the proper fill—in area*(s)* below. If the label is complete and correct, you need not complete Items I, III, V, and VI *(except VI-B which must be completed regardless)*. Complete all items if no label has been provided. Refer to the instructions for detailed item descriptions and for the legal authorizations under which this data is collected.

II. POLLUTANT CHARACTERISTICS

INSTRUCTIONS: Complete A through J to determine whether you need to submit any permit application forms to the EPA. If you answer "yes" to any questions, you must submit this form and the supplemental form listed in the parenthesis following the question. Mark "X" in the box in the third column if the supplemental form is attached. If you answer "no" to each question, you need not submit any of these forms. You may answer "no" if your activity is excluded from permit requirements; see Section C of the instructions. See also, Section D of the instructions for definitions of **bold—faced terms.**

SPECIFIC QUESTIONS	MARK 'X' YES	NO	FORM ATTACHED	SPECIFIC QUESTIONS	MARK 'X' YES	NO	FORM ATTACHED
A. Is this facility a **publicly owned treatment works** which results in a **discharge** to **waters of the U.S.**? (FORM 2A)		X		B. Does or will this facility *(either existing or proposed)* include a **concentrated animal feeding operation** or **aquatic animal production facility** which results in a **discharge to waters of the U.S.**? (FORM 2B)		X	
C. Is this a facility which currently results in **discharges** to **waters of the U.S.** other than those described in A or B above? (FORM 2C)		X		D. Is this a proposed facility *(other than those described in A or B above)* which will result in a **discharge** to **waters of the U.S.**? (FORM 2D)		X	
E. Does or will this facility treat, store, or dispose of **hazardous wastes**? (FORM 3)	X			F. Do you or will you inject at this facility industrial or municipal effluent below the lowermost stratum containing, within one quarter mile of the well bore, underground sources of drinking water? (FORM 4)		X	
G. Do you or will you inject at this facility any produced water or other fluids which are brought to the surface in connection with conventional oil or natural gas production, inject fluids used for enhanced recovery of oil or natural gas, or inject fluids for storage of liquid hydrocarbons? (FORM 4)		X		H. Do you or will you inject at this facility fluids for special processes such as mining of sulfur by the Frasch process, solution mining of minerals, in situ combustion of fossil fuel, or recovery of geothermal energy? (FORM 4)		X	
I. Is this facility a proposed **stationary source** which is one of the 28 industrial categories listed in the instructions and which will potentially emit 100 tons per year of any air pollutant regulated under the Clean Air Act and may affect or be located in an **attainment area**? (FORM 5)		X		J. Is this facility a proposed **stationary source** which is NOT one of the 28 industrial categories listed in the instructions and which will potentially emit 250 tons per year of any air pollutant regulated under the Clean Air Act and may affect or be located in an **attainment area**? (FORM 5)		X	

III. NAME OF FACILITY

1 SKIP INLAND CHEMICAL CORPORATION

IV. FACILITY CONTACT

A. NAME & TITLE *(last, first, & title)*	B. PHONE *(area code & no.)*
2 BERGER J R VP ENVIRONMENTAL DIR	219 424 1940

V. FACILITY MAILING ADDRESS

A. STREET OR P.O. BOX

3 SUITE 200 127 W BERRY STREET

B. CITY OR TOWN	C. STATE	D. ZIP CODE
4 FORT WAYNE	IN	46802

VI. FACILITY LOCATION

A. STREET, ROUTE NO. OR OTHER SPECIFIC IDENTIFIER

5 600 DOREMUS STREET

B. COUNTY NAME

ESSEX

C. CITY OR TOWN	D. STATE	E. ZIP CODE	F. COUNTY CODE *(if known)*
6 NEWARK	NJ	07105	

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CONTINUE ON REVERSE

NTINUED FROM THE FRONT

I. SIC CODES *(4-digit, in order of priority)*

A. FIRST	**B. SECOND**
C 7 — 2869 *(specify)* Industrial organic chemicals not otherwise classified	C 7 — *(specify)*
C. THIRD	**D. FOURTH**
C 7 — *(specify)*	C 7 — *(specify)*

VIII. OPERATOR INFORMATION

A. NAME

C 8 INLAND CHEMICAL CORPORATION

B. Is the name listed in Item VIII-A also the owner? ☒ YES ☐ NO

C. STATUS OF OPERATOR *(Enter the appropriate letter into the answer box; if "Other", specify.)*

F = FEDERAL
S = STATE
P = PRIVATE
M = PUBLIC *(other than federal or state)*
O = OTHER *(specify)*

P *(specify)* Private

D. PHONE *(area code & no.)*

C A 219 424 1940

E. STREET OR P.O. BOX

SUITE 200 127 W BERRY STREET

F. CITY OR TOWN	G. STATE	H. ZIP CODE
C B FORT WAYNE	IN	46802

IX. INDIAN LAND

Is the facility located on Indian lands?

☐ YES ☒ NO

X. EXISTING ENVIRONMENTAL PERMITS

A. NPDES *(Discharges to Surface Water)*	**D. PSD** *(Air Emissions from Proposed Sources)*
C T I 9 N	C T I 9 P
B. UIC *(Underground Injection of Fluids)*	**E. OTHER** *(specify)*
C T I 9 U	C T I 9 — 6741D *(specify)* New Jersey Hazardous Waste operating permit
C. RCRA *(Hazardous Wastes)*	**E. OTHER** *(specify)*
C T I 9 R	C T I 9 — *(specify)* See below: (A)

XI. MAP

Attach to this application a topographic map of the area extending to at least one mile beyond property bounderies. The map must show the outline of the facility, the location of each of its existing and proposed intake and discharge structures, each of its hazardous waste treatment, storage, or disposal facilities, and each well where it injects fluids underground. Include all springs, rivers and other surface water bodies in the map area. See instructions for precise requirements. F9: A/50

XII. NATURE OF BUSINESS *(provide a brief description)*

Used organic chemicals, originating from chemical, industrial, and pharmaceutical manufacturing plants are processed to recover the reuseable organics. Residuals from this recovery are disposed of into either approved landfills or incinerators, depending upon their properties. No wastes are disposed of on this site. All residuals are moved off-site for disposal.

(A) Twenty-seven (27) air permits, issued by the state of New Jersey, are in effect in this plant.

F9: A/51

XIII. CERTIFICATION *(see instructions)*

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this application and all attachments and that, based on my inquiry of those persons immediately responsible for obtaining the information contained in the application, I believe that the information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

A. NAME & OFFICIAL TITLE *(type or print)*	B. SIGNATURE	C. DATE SIGNED
John R. Berger, Vice President Environmental Director	John R Berger	Oct 21, 1980

COMMENTS FOR OFFICIAL USE ONLY

C C

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Continued from the front.

III. PROCESSES *(continued)*

C. SPACE FOR ADDITIONAL PROCESS CODES OR FOR DESCRIBING OTHER PROCESSES *(code "T04")*. FOR EACH PROCESS ENTERED HERE INCLUDE DESIGN CAPACITY.

INLAND ID CODE	GALLONS CAPACITY	PRODUCTION RATE	PRODUCTION RATE UNITS	UNIT
CR-1	2,000	2,000	pounds per day	Crystallizer
CR-2	2,000	2,000	pounds per day	Crystallizer
SAP	2,000	2,000	pounds per day	Saponifier
R-1	5,000	2,000	pounds per day	Reactor
R-2	5,000	2,000	pounds per day	Reactor
T-1	8,000	24,000	gallons per day	Still
T-2	8,000	24,000	gallons per day	Still
T-3	8,000	6,000	gallons per day	Still
T-4	8,000	19,000	gallons per day	Still

IV. DESCRIPTION OF HAZARDOUS WASTES

A. EPA HAZARDOUS WASTE NUMBER — Enter the four–digit number from 40 CFR, Subpart D for each listed hazardous waste you will handle. If you handle hazardous wastes which are not listed in 40 CFR, Subpart D, enter the four–digit number*(s)* from 40 CFR, Subpart C that describes the characteristics and/or the toxic contaminants of those hazardous wastes.

B. ESTIMATED ANNUAL QUANTITY — For each **listed waste** entered in column A estimate the quantity of that waste that will be handled on an annual basis. For each **characteristic** or **toxic contaminant** entered in column A estimate the total annual quantity of all the non–listed waste*(s)* that will be handled which possess that characteristic or contaminant.

C. UNIT OF MEASURE — For each quantity entered in column B enter the unit of measure code. Units of measure which must be used and the appropriate codes are:

ENGLISH UNIT OF MEASURE	CODE	METRIC UNIT OF MEASURE	CODE
POUNDS	P	KILOGRAMS	K
TONS	T	METRIC TONS	M

If facility records use any other unit of measure for quantity, the units of measure must be converted into one of the required units of measure taking into account the appropriate density or specific gravity of the waste.

D. PROCESSES

1. PROCESS CODES:

   For listed hazardous waste: For each **listed** hazardous waste entered in column A select the code*(s)* from the list of process codes contained in Item III to indicate how the waste will be stored, treated, and/or disposed of at the facility.

   For non–listed hazardous wastes: For each characteristic or toxic contaminant entered in column A, select the code*(s)* from the list of process codes contained in Item III to indicate **all** the processes that will be used to store, treat, and/or dispose of all the non–listed hazardous wastes that possess that characteristic or toxic contaminant.

   Note: Four spaces are provided for entering process codes. If more are needed: (1) Enter the first three as described above; (2) Enter "000" in the extreme right box of Item IV-D(1); and (3) Enter in the space provided on page 4, the line number and the additional code*(s)*.

2. PROCESS DESCRIPTION: If a code is not listed for a process that will be used, describe the process in the space provided on the form.

NOTE: HAZARDOUS WASTES DESCRIBED BY MORE THAN ONE EPA HAZARDOUS WASTE NUMBER — Hazardous wastes that can be described by more than one EPA Hazardous Waste Number shall be described on the form as follows:

1. Select one of the EPA Hazardous Waste Numbers and enter it in column A. On the same line complete columns B, C, and D by estimating the total annual quantity of the waste and describing all the processes to be used to treat, store, and/or dispose of the waste.
2. In column A of the next line enter the other EPA Hazardous Waste Number that can be used to describe the waste. In column D(2) on that line enter "included with above" and make no other entries on that line.
3. Repeat step 2 for each other EPA Hazardous Waste Number that can be used to describe the hazardous waste.

EXAMPLE FOR COMPLETING ITEM IV *(shown in line numbers X-1, X-2, X-3, and X-4 below)* — A facility will treat and dispose of an estimated 900 pounds per year of chrome shavings from leather tanning and finishing operation. In addition, the facility will treat and dispose of three non–listed wastes. Two wastes are corrosive only and there will be an estimated 200 pounds per year of each waste. The other waste is corrosive and ignitable and there will be an estimated 100 pounds per year of that waste. Treatment will be in an incinerator and disposal will be in a landfill.

LINE NO.	A. EPA HAZARD. WASTE NO *(enter code)*	B. ESTIMATED ANNUAL QUANTITY OF WASTE	C. UNIT OF MEASURE *(enter code)*	D. PROCESSES 1. PROCESS CODES *(enter)*	D. PROCESSES 2. PROCESS DESCRIPTION *(if a code is not entered in D(1))*
X-1	*K 0 5 4*	*900*	*P*	*T 0 3* *D 8 0*	
X-2	*D 0 0 2*	*400*	*P*	*T 0 3* *D 8 0*	
X-3	*D 0 0 1*	*100*	*P*	*T 0 3* *D 8 0*	
X-4	*D 0 0 2*				*included with above*

CONTINUE ON PAGE 3

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Form Approved OMB No. 158-S80004

FORM 3 RCRA

EPA

/IRONMENTAL PROTECTION AGENCY

HAZA..DUUS WASTE PERMIT APPLICATION

Consolidated Permits Program

(This information is required under Section 3005 of RCRA.)

I. EPA I.D. NUMBER

S													T/A
F	N	J	D	0	0	2	1	5	3	9	2	2	3

FOR OFFICIAL USE ONLY

APPLICATION APPROVED	DATE RECEIVED *(yr., mo., & day)*	COMMENTS

II. FIRST OR REVISED APPLICATION

Place an "X" in the appropriate box in A or B below *(mark one box only)* to indicate whether this is the first application you are submitting for your facility or a revised application. If this is your first application and you already know your facility's EPA I.D. Number, or if this is a revised application, enter your facility's EPA I.D. Number in Item I above.

A. FIRST APPLICATION *(place an "X" below and provide the appropriate date)*

☒ 1. EXISTING FACILITY *(See instructions for definition of "existing" facility. Complete item below.)*

☐ 2. NEW FACILITY *(Complete item below.)*

FOR EXISTING FACILITIES, PROVIDE THE DATE *(yr., mo., & day)* OPERATION BEGAN OR THE DATE CONSTRUCTION COMMENCED *(use the boxes to the left)*

C	YR.	MO.	DAY
8	75	05	01

FOR NEW FACILITIES PROVIDE THE DATE *(yr., mo., & day)* OPERATION BEGAN OR IS EXPECTED TO BEGIN

YR.	MO.	DAY

B. REVISED APPLICATION *(place an "X" below and complete Item I above)*

☐ 1. FACILITY HAS INTERIM STATUS

☐ 2. FACILITY HAS A RCRA PERMIT

III. PROCESSES – CODES AND DESIGN CAPACITIES

A. PROCESS CODE – Enter the code from the list of process codes below that best describes each process to be used at the facility. Ten lines are provided for entering codes. If more lines are needed, enter the code*(s)* in the space provided. If a process will be used that is not included in the list of codes below, then describe the process *(including its design capacity)* in the space provided on the form *(Item III-C)*.

B. PROCESS DESIGN CAPACITY – For each code entered in column A enter the capacity of the process.

1. AMOUNT – Enter the amount.
2. UNIT OF MEASURE – For each amount entered in column B(1), enter the code from the list of unit measure codes below that describes the unit of measure used. Only the units of measure that are listed below should be used.

PROCESS	PROCESS CODE	APPROPRIATE UNITS OF MEASURE FOR PROCESS DESIGN CAPACITY
Storage:		
CONTAINER *(barrel, drum, etc.)*	S01	GALLONS OR LITERS
TANK	S02	GALLONS OR LITERS
WASTE PILE	S03	CUBIC YARDS OR CUBIC METERS
SURFACE IMPOUNDMENT	S04	GALLONS OR LITERS
Disposal:		
INJECTION WELL	D79	GALLONS OR LITERS
LANDFILL	D80	ACRE-FEET *(the volume that would cover one acre to a depth of one foot)* OR HECTARE-METER
LAND APPLICATION	D81	ACRES OR HECTARES
OCEAN DISPOSAL	D82	GALLONS PER DAY OR LITERS PER DAY
SURFACE IMPOUNDMENT	D83	GALLONS OR LITERS
Treatment:		
TANK	T01	GALLONS PER DAY OR LITERS PER DAY
SURFACE IMPOUNDMENT	T02	GALLONS PER DAY OR LITERS PER DAY
INCINERATOR	T03	TONS PER HOUR OR METRIC TONS PER HOUR; GALLONS PER HOUR OR LITERS PER HOUR
OTHER *(Use for physical, chemical, thermal or biological treatment processes not occurring in tanks, surface impoundments or incinerators. Describe the processes in the space provided; Item III-C.)*	T04	GALLONS PER DAY OR LITERS PER DAY

UNIT OF MEASURE	UNIT OF MEASURE CODE
GALLONS	G
LITERS	L
CUBIC YARDS	Y
CUBIC METERS	C
GALLONS PER DAY	U
LITERS PER DAY	V
TONS PER HOUR	D
METRIC TONS PER HOUR	W
GALLONS PER HOUR	E
LITERS PER HOUR	H
ACRE-FEET	A
HECTARE-METER	F
ACRES	B
HECTARES	Q

EXAMPLE FOR COMPLETING ITEM III *(shown in line numbers X-1 and X-2 below)*: A facility has two storage tanks, one tank can hold 200 gallons and the other can hold 400 gallons. The facility also has an incinerator that can burn up to 20 gallons per hour.

S		T/A	C
C	DUP		1

LINE NUMBER	A. PROCESS CODE *(from list above)*	B. PROCESS DESIGN CAPACITY 1. AMOUNT *(specify)*	2. UNIT OF MEASURE *(enter code)*	FOR OFFICIAL USE ONLY	LINE NUMBER	A. PROCESS CODE *(from list above)*	B. PROCESS DESIGN CAPACITY 1. AMOUNT	2. UNIT OF MEASURE *(enter code)*	FOR OFFICIAL USE ONLY
X-1	S 0 2	600	G		5				
X-2	T 0 3	20	E		6				
1	S 0 1	68,900000	G		7				
2	S 0 2	1,715,70000	G		8				
3	T 0 4	2000000000	U		9				
4					10				

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CONTINUE ON REVERSE

Continued from page 2.
NOTE: Photocopy this page before completing ave more than 26 wastes to list.

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EPA I.D. NUMBER *(enter from page 1)*: W N J D 0 0 2 1 5 3 9 2 2 | T/A: 3 | C: 1

FOR OFFICIAL USE ONLY: W DUP | T/A: 3 | C: 2 | DUP

IV. DESCRIPTION OF HAZARDOUS WASTES *(continued)*

	LINE NO.	A. EPA HAZARD. WASTE NO. *(enter code)* 23-26	B. ESTIMATED ANNUAL QUANTITY OF WASTE 27-35	C. UNIT OF MEASURE *(enter code)* 36	D. PROCESSES 1. PROCESS CODES *(enter)* 27-29	27-29	27-29	27-29	2. PROCESS DESCRIPTION *(if a code is not entered in D(1))*
0-22									
	1	F001	400,000	P	T04				
	2	F002	5,800,000	P	T04				
	3	F003	2,500,000	P	T04				
	4	F005	100,000	P	T04				
05	5	F001	400,000	P	T04				
06	6	F002							Included with above
07	7	F002	430,000	P	T04				
08	8	F003							Included with above
09	9	F002	75,500,000	P	T04				
10	10	F005							Included with above
11	11	F002	1,900,000	P	T04				
2	12	F003							Included with above
3	13	F005							Included with above
	14	D000	3,700,000	P	T04				
	15	D001	2,500,000	P	T04				
16	16	D000	400,000	P	T04				
17	17	D001							Included with above
	18								
	19								
	20								
	21								
	22								
	23								
	24								
	25								
	26								

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CONTINUE ON REVERSE

PAGE 3 ____ OF 5
(enter "A", "B", "C", etc. behind the "3" to identify photocopied pages)

Continued from the front.

IV. DESCRIPTION OF HAZARDOUS WAST tinued)

E. USE THIS SPACE TO LIST ADDITIONAL PROCESS CODES FROM ITEM D(1) ON PAGE 3.

F6: $\frac{A}{55}$ F6: $\frac{A}{56}$

EPA I.D. NO. *(enter from page 1)*

S		T/A	C
F	NJD002153922	3	6

V. FACILITY DRAWING

All **existing** facilities must include in the space provided on page 5 a scale drawing of the facility *(see instructions for more detail).*

VI. PHOTOGRAPHS

All existing facilities must include photographs *(aerial or ground–level)* that clearly delineate all existing structures; existing storage, treatment and disposal areas; and sites of future storage, treatment or disposal areas *(see instructions for more detail).*

VII. FACILITY GEOGRAPHIC LOCATION

LATITUDE *(degrees, minutes, & seconds)*	LONGITUDE *(degrees, minutes, & seconds)*
40 42 320	074 07 240

VIII. FACILITY OWNER

☒ A. If the facility owner is also the facility operator as listed in Section VIII on Form 1, "General Information", place an "X" in the box to the left and skip to Section IX below.

B. If the facility owner is not the facility operator as listed in Section VIII on Form 1, complete the following items:

C	1. NAME OF FACILITY'S LEGAL OWNER	2. PHONE NO. *(area code & no.)*
E	Inland Chemical Corporation	219-424-1940

C	3. STREET OR P.O. BOX	C	4. CITY OR TOWN	5. ST.	6. ZIP CODE
F	Suite 200, 127 W. Berry Street	G	Fort Wayne	IN	46802

IX. OWNER CERTIFICATION

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

A. NAME *(print or type)*	B. SIGNATURE	C. DATE SIGNED
John R. Berger	John R Berger	October 21, 1980

X. OPERATOR CERTIFICATION

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

A. NAME *(print or type)*	B. SIGNATURE	C. DATE SIGNED
John R. Berger	John R Berger	October 21, 1980

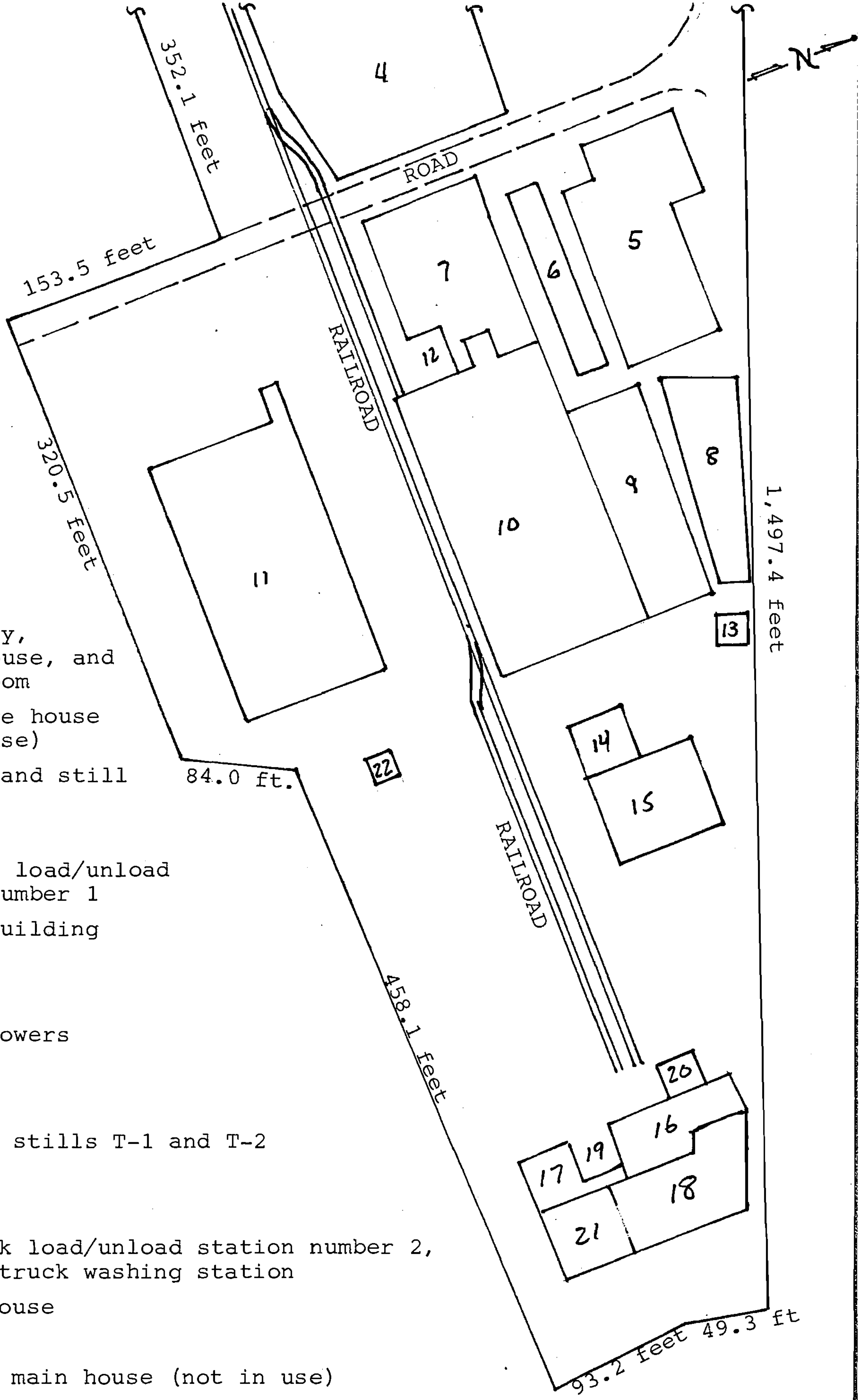
CONTINUE ON PAGE 5

Continued from page 4.

V. FACILITY DRAWING *(see page*

NJD002153322

EAST END OF PLANT



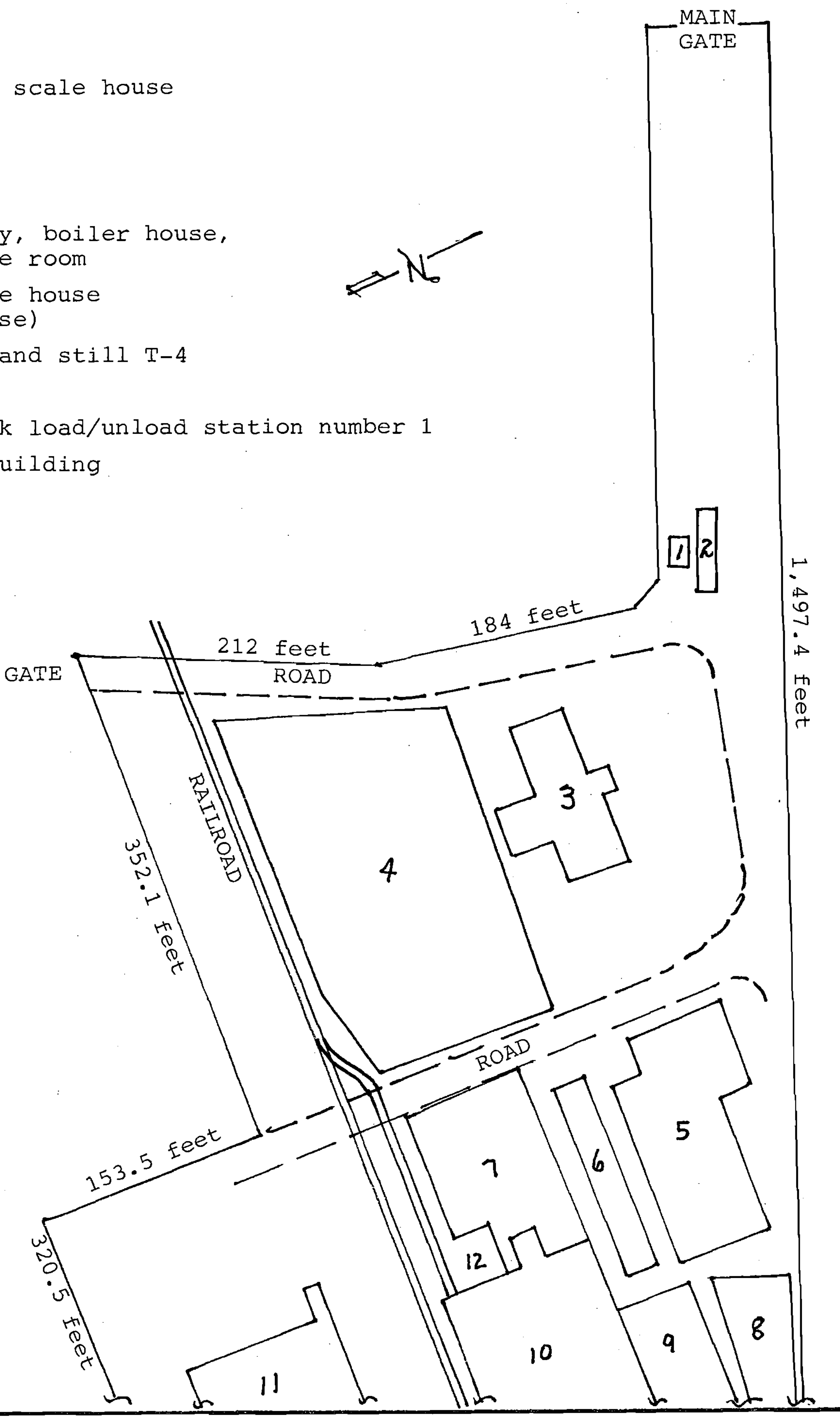
SYMBOL	ACTIVITY
4	Dike D-7
5	Laboratory, Boiler house, and change room
6	Old change house (not in use)
7	Dike D-5 and still still T-4
8	Dike D-6
9	Tanktruck load/unload station number 1
10	Process building
11	Warehouse
12	Still T-3
13	Cooling towers
14	Dike D-3
15	Dike D-4
16	Dike D-2; stills T-1 and T-2
17	Dike D-2A
18	Dike D-1
19	Tank truck load/unload station number 2, and tank truck washing station
20	Control house
21	Dike D-1A
22	Old water main house (not in use)

Continued from page 4. NJD002153922 INLAND CHEMICAL Form Approved OMB No. 158-S80004

V. FACILITY DRAWING *(see page*

NJD002153922 WEST END OF PLANT

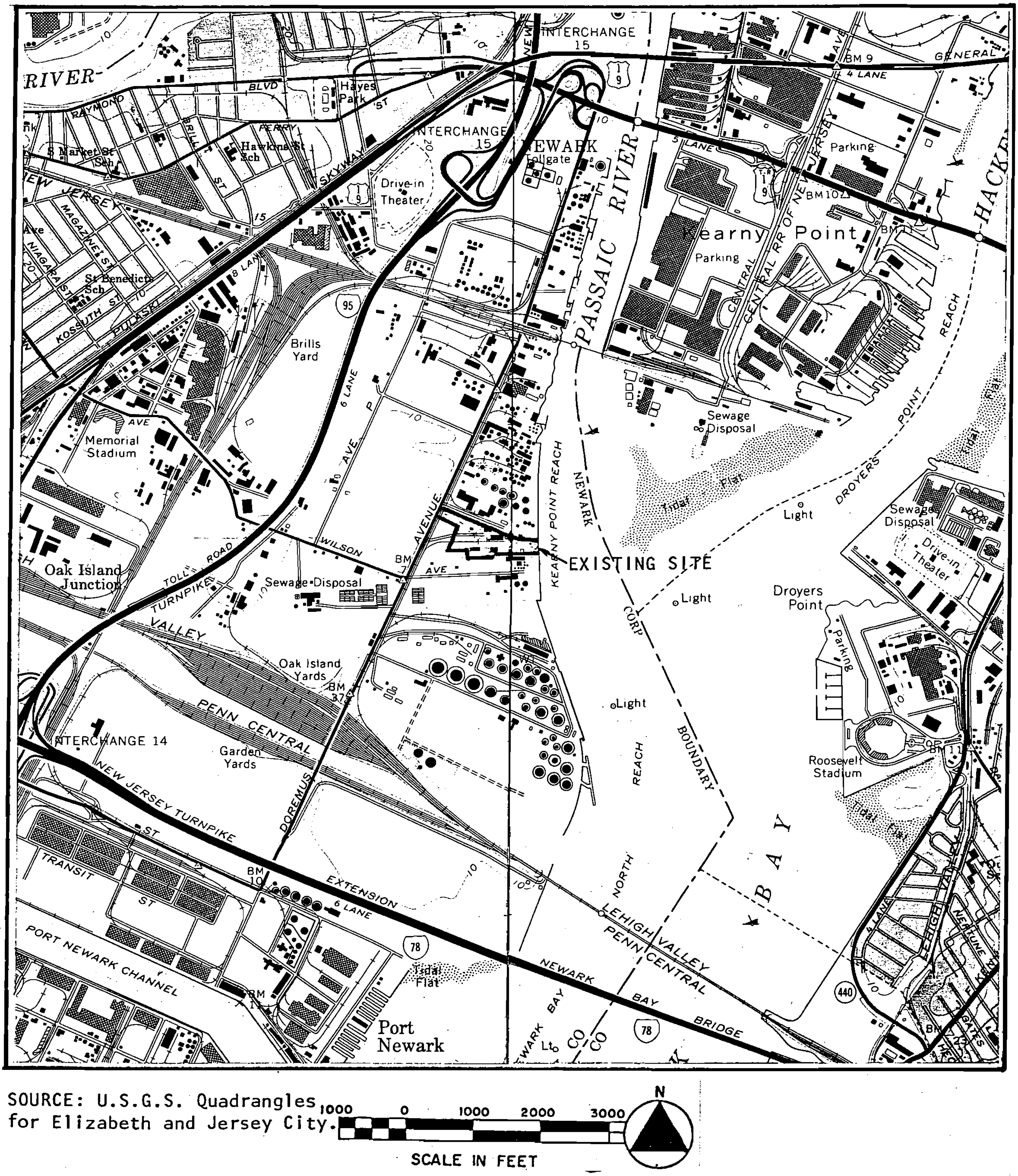
SYMBOL	ACTIVITY
1	Guard and scale house
2	Scale
3	Offices
4	Dike D-7
5	Laboratory, boiler house, and change room
6	Old change house (not in use)
7	Dike D-5 and still T-4
8	Dike D-6
9	Tank truck load/unload station number 1
10	Process building
11	Warehouse
12	Still T-3



SITE LOCATION MAP OF THE INLAND CHEMICAL CORPORATION PLANT

NEWARK , NEW JERSEY

FIGURE 1



SOURCE: U.S.G.S. Quadrangles
for Elizabeth and Jersey City.

McKesson Corp.
One Post Street, San Fr co CA 94104 Tel 415 983-8300

~~[illegible]~~
[illegible]

1 C

McKesson

March 20, 1987

Mr. Ernie Kuhlwein, Chief
Bureau of Hazardous Waste Engineering
P.O. Box CN028
N.J. Dept. of Environmental Protection
Trenton, NJ 08625

Owner/operator change

Re: Subsidiary to Parent Interim Status Modification
Newark, New Jersey Facility; NJD 002153922

Dear Mr. Kuhlwein:

Please find enclosed the Revised Part A Hazardous Waste Permit Application required under the New Jersey regulations to designate McKesson Corporation as the owner/operator of the inactive interim status facility located on Doremus Avenue in Newark ("the Newark Site").

McKesson Corporation has decided to sell its wholly-owned subsidiary, McKesson Envirosystems Company, but will retain the Newark Site. As we discussed over the telephone, the technical options for the site have not been fully explored but we will advise the State on the outstanding Part B application by May 1.

Please call me at your earliest convenience so that we may set a meeting date to review the remaining issues on the Newark Site.

Sincerely,

Gregg Franklin (DLD)

Gregg P. Franklin
Manager, Environmental Affairs

Encl. (Interim Status Forms)

cc: Dinah Darman (McKesson Corporation)
Greg Battista, Esq.

Regional Administrator, U.S. EPA
Region II, 26 Federal Plaza
New York, NY 10278

Form Approved OMB No. 158-R0175

FORM 1 GENERAL

.S. ENVIRONMENTAL PROTECTION AGENCY

GENERAL INFORMATION

Consolidated Permits Program

(Read the "General Instructions" before starting.)

I. EPA I.D. NUMBER

F N J D 0 0 2 1 5 3 9 2 2

LABEL ITEMS

I. EPA I.D. NUMBER

III. FACILITY NAME

V. FACILITY MAILING ADDRESS

VI. FACILITY LOCATION

PLEASE PLACE LABEL IN THIS SPACE

GENERAL INSTRUCTIONS

If a preprinted label has been provided, it in the designated space. Review the in ation carefully; if any of it is incorrect, through it and enter the correct data i appropriate fill–in area below. Also, if a the preprinted data is absent *(the area t left of the label space lists the inform that should appear)*, please provide it i proper fill–in area(s) below. If the lal complete and correct, you need not com Items I, III, V, and VI *(except VI-B v must be completed regardless)*. Complet items if no label has been provided. Ref the instructions for detailed item de tions and for the legal authorizations which this data is collected.

II. POLLUTANT CHARACTERISTICS

INSTRUCTIONS: Complete A through J to determine whether you need to submit any permit application forms to the EPA. If you answer "yes" to a questions, you must submit this form and the supplemental form listed in the parenthesis following the question. Mark "X" in the box in the third colun if the supplemental form is attached. If you answer "no" to each question, you need not submit any of these forms. You may answer "no" if your activi is excluded from permit requirements; see Section C of the instructions. See also, Section D of the instructions for definitions of bold–faced terms.

SPECIFIC QUESTIONS	MARK 'X' YES	NO	FORM ATTACHED	SPECIFIC QUESTIONS	MARK ' YES	NO
A. Is this facility a **publicly owned treatment works** which results in a **discharge** to **waters of the U.S.**? (FORM 2A)		X		B. Does or will this facility *(either existing or proposed)* include a **concentrated animal feeding operation** or **aquatic animal production facility** which results in a **discharge** to **waters of the U.S.**? (FORM 2B)		X
C. Is this a facility which currently results in **discharges** to **waters of the U.S.** other than those described in A or B above? (FORM 2C)		X		D. Is this a **proposed** facility *(other than those described in A or B above)* which will result in a **discharge** to **waters of the U.S.**? (FORM 2D)		X
E. Does or will this facility treat, store, or dispose of **hazardous wastes**? (FORM 3)	X		X	F. Do you or will you inject at this facility industrial or municipal effluent below the lowermost stratum containing, within one quarter mile of the well bore, underground sources of drinking water? (FORM 4)		X
G. Do you or will you inject at this facility any produced water or other fluids which are brought to the surface in connection with conventional oil or natural gas production, inject fluids used for enhanced recovery of oil or natural gas, or inject fluids for storage of liquid hydrocarbons? (FORM 4)		X		H. Do you or will you inject at this facility fluids for special processes such as mining of sulfur by the Frasch process, solution mining of minerals, in situ combustion of fossil fuel, or recovery of geothermal energy? (FORM 4)		X
I. Is this facility a proposed **stationary source** which is one of the 28 industrial categories listed in the instructions and which will potentially emit 100 tons per year of any air pollutant regulated under the Clean Air Act and may affect or be located in an **attainment area**? (FORM 5)		X		J. Is this facility a proposed **stationary source** which is NOT one of the 28 industrial categories listed in the instructions and which will potentially emit 250 tons per year of any air pollutant regulated under the Clean Air Act and may affect or be located in an **attainment area**? (FORM 5)		X

III. NAME OF FACILITY

1 SKIP McKESSON CORPORATION

IV. FACILITY CONTACT

A. NAME & TITLE *(last, first, & title)*	B. PHONE *(area code & no.)*
2 FRANKLIN GREGG ENV MGR	415 983 8300

V. FACILITY MAILING ADDRESS

A. STREET OR P.O. BOX

3 ONE POST STREET

B. CITY OR TOWN	C. STATE	D. ZIP CODE
4 SAN FRANCISCO	CA	94104

VI. FACILITY LOCATION

A. STREET, ROUTE NO. OR OTHER SPECIFIC IDENTIFIER

5 504-508 DOREMUS AVENUE

B. COUNTY NAME

ESSEX

C. CITY OR TOWN	D. STATE	E. ZIP CODE	F. COUNTY CODE *(if known)*
6 NEWARK	NJ	07105	

EPA Form 3510-1 (6-80)

CONTINUE ON REVE

CONTINUED FROM THE FRONT

VII. SIC CODES *(4-digit, in order of priority)*

A. FIRST	**B. SECOND**
C 7 — 7399 *(specify)* Miscellaneous Service, Solvent Recycling (Inactive)	C 7 — *(specify)*
C. THIRD	**D. FOURTH**
C 7 — *(specify)*	C 7 — *(specify)*

VIII. OPERATOR INFORMATION

A. NAME
C 8 McKESSON CORPORATION

B. Is the name listed in Item VIII-A also the owner?
☒ YES ☐ NO

C. STATUS OF OPERATOR *(Enter the appropriate letter into the answer box; if "Other", specify.)*
F = FEDERAL
S = STATE
P = PRIVATE
M = PUBLIC *(other than federal or state)*
O = OTHER *(specify)*
P *(specify)*

D. PHONE *(area code & no.)*
C A 415 983 8300

E. STREET OR P.O. BOX
ONE POST STREET

F. CITY OR TOWN
C B SAN FRANCISCO

G. STATE
CA

H. ZIP CODE
94104

IX. INDIAN LAND

Is the facility located on Indian lands?
☐ YES ☒ NO

X. EXISTING ENVIRONMENTAL PERMITS

A. NPDES *(Discharges to Surface Water)*	**D. PSD** *(Air Emissions from Proposed Sources)*
C 9 T N	C 9 T P
B. UIC *(Underground Injection of Fluids)*	**E. OTHER** *(specify)*
C 9 T U	C 9 — *(specify)*
C. RCRA *(Hazardous Wastes)*	**E. OTHER** *(specify)*
C 9 T R NJD002153922	C 9 — *(specify)*

XI. MAP

Attach to this application a topographic map of the area extending to at least one mile beyond property bounderies. The map must show the outline of the facility, the location of each of its existing and proposed intake and discharge structures, each of its hazardous waste treatment, storage, or disposal facilities, and each well where it injects fluids underground. Include all springs, rivers and other surface water bodies in the map area. See instructions for precise requirements.

XII. NATURE OF BUSINESS *(provide a brief description)*

This site has been inactive since 1982, as a result of an explosion and fire. Subsequent to this incident, the tanks and storage areas have been emptied and cleaned out. Final closure is pending.

XIII. CERTIFICATION *(see instructions)*

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this application and all attachments and that, based on my inquiry of those persons immediately responsible for obtaining the information contained in the application, I believe that the information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

A. NAME & OFFICIAL TITLE *(type or print)*
Arthur G. Weiner
Vice President

B. SIGNATURE

C. DATE SIGNED
3/20/87

COMMENTS FOR OFFICIAL USE ONLY

C C

EPA Form 3510-1 (6-80) REVERSE

FORM **3** RCRA

EPA

U.S. ENVIRONMENTAL PROTECTION AGENCY

HAZARDOUS WASTE PERMIT APPLICATION

Consolidated Permits Program

(This information is required under Section 3005 of RCRA.)

I. EPA I.D. NUMBER

S: F | NJD002153922 | T/A:

FOR OFFICIAL USE ONLY

APPLICATION APPROVED	DATE RECEIVED (yr., mo., & day)	COMMENTS

II. FIRST OR REVISED APPLICATION

Place an "X" in the appropriate box in A or B below *(mark one box only)* to indicate whether this is the first application you are submitting for your facility or revised application. If this is your first application and you already know your facility's EPA I.D. Number, or if this is a revised application, enter your facility's EPA I.D. Number in Item I above.

A. FIRST APPLICATION *(place an "X" below and provide the appropriate date)*

☒ 1. EXISTING FACILITY *(See instructions for definition of "existing" facility. Complete item below.)*

☐ 2. NEW FACILITY *(Complete item below.)*

C	YR.	MO.	DAY
8	75	05	01

FOR EXISTING FACILITIES, PROVIDE THE DATE *(yr., mo., & day)* OPERATION BEGAN OR THE DATE CONSTRUCTION COMMENCED *(use the boxes to the left)*

YR.	MO.	DAY

FOR NEW FACILITIE PROVIDE THE DATE *(yr., mo., & day)* OPER TION BEGAN OR IS EXPECTED TO BEGI

B. REVISED APPLICATION *(place an "X" below and complete Item I above)*

☒ 1. FACILITY HAS INTERIM STATUS

☐ 2. FACILITY HAS A RCRA PERMIT

III. PROCESSES – CODES AND DESIGN CAPACITIES

A. PROCESS CODE – Enter the code from the list of process codes below that best describes each process to be used at the facility. Ten lines are provided for entering codes. If more lines are needed, enter the code*(s)* in the space provided. If a process will be used that is not included in the list of codes below, then describe the process *(including its design capacity)* in the space provided on the form *(Item III-C)*.

B. PROCESS DESIGN CAPACITY – For each code entered in column A enter the capacity of the process.

1. AMOUNT – Enter the amount.
2. UNIT OF MEASURE – For each amount entered in column B(1), enter the code from the list of unit measure codes below that describes the unit of measure used. Only the units of measure that are listed below should be used.

PROCESS	PROCESS CODE	APPROPRIATE UNITS OF MEASURE FOR PROCESS DESIGN CAPACITY
Storage:		
CONTAINER *(barrel, drum, etc.)*	S01	GALLONS OR LITERS
TANK	S02	GALLONS OR LITERS
WASTE PILE	S03	CUBIC YARDS OR CUBIC METERS
SURFACE IMPOUNDMENT	S04	GALLONS OR LITERS
Disposal:		
INJECTION WELL	D79	GALLONS OR LITERS
LANDFILL	D80	ACRE-FEET *(the volume that would cover one acre to a depth of one foot)* OR HECTARE-METER
LAND APPLICATION	D81	ACRES OR HECTARES
OCEAN DISPOSAL	D82	GALLONS PER DAY OR LITERS PER DAY
SURFACE IMPOUNDMENT	D83	GALLONS OR LITERS

PROCESS	PROCESS CODE	APPROPRIATE UNITS OF MEASURE FOR PROCESS DESIGN CAPACITY
Treatment:		
TANK	T01	GALLONS PER DAY OR LITERS PER DAY
SURFACE IMPOUNDMENT	T02	GALLONS PER DAY OR LITERS PER DAY
INCINERATOR	T03	TONS PER HOUR OR METRIC TONS PER HOUR; GALLONS PER HOUR OR LITERS PER HOUR
OTHER *(Use for physical, chemical, thermal or biological treatment processes not occurring in tanks, surface impoundments or incinerators. Describe the processes in the space provided; Item III-C.)*	T04	GALLONS PER DAY OR LITERS PER DAY

UNIT OF MEASURE	UNIT OF MEASURE CODE	UNIT OF MEASURE	UNIT OF MEASURE CODE	UNIT OF MEASURE	UNIT OF MEASURE CODE
GALLONS	G	LITERS PER DAY	V	ACRE-FEET	A
LITERS	L	TONS PER HOUR	D	HECTARE-METER	F
CUBIC YARDS	Y	METRIC TONS PER HOUR	W	ACRES	B
CUBIC METERS	C	GALLONS PER HOUR	E	HECTARES	Q
GALLONS PER DAY	U	LITERS PER HOUR	H		

EXAMPLE FOR COMPLETING ITEM III *(shown in line numbers X-1 and X-2 below)*: A facility has two storage tanks, one tank can hold 200 gallons and the other can hold 400 gallons. The facility also has an incinerator that can burn up to 20 gallons per hour.

S: C | DUP | T/A: | C: 1

LINE NUMBER	A. PROCESS CODE (from list above)	B. PROCESS DESIGN CAPACITY 1. AMOUNT (specify)	2. UNIT OF MEASURE (enter code)	FOR OFFICIAL USE ONLY	LINE NUMBER	A. PROCESS CODE (from list above)	B. PROCESS DESIGN CAPACITY 1. AMOUNT	2. UNIT OF MEASURE (enter code)	FOR OFFICIAL USE ONLY
X-1	S 0 2	600	G		5				
X-2	T 0 3	20	E		6				
1	S 0 2	1,715,700 (Inactive)	G		7				
2	S 0 1	68,900 (Inactive)	G		8				
3					9				
4					10				

CONTINUE ON REVER

Continued from the front.

III. PROCESSES *(continued)*

C. SPACE FOR ADDITIONAL PROCESS CODES OR FOR DESCRIBING OTHER PROCESSES *(code "T04")*. FOR EACH PROCESS ENTERED HERE INCLUDE DESIGN CAPACITY.

IV. DESCRIPTION OF HAZARDOUS WASTES

A. **EPA HAZARDOUS WASTE NUMBER** — Enter the four—digit number from 40 CFR, Subpart D for each listed hazardous waste you will handle. If you handle hazardous wastes which are not listed in 40 CFR, Subpart D, enter the four—digit number*(s)* from 40 CFR, Subpart C that describes the characteristics and/or the toxic contaminants of those hazardous wastes.

B. **ESTIMATED ANNUAL QUANTITY** — For each **listed waste** entered in column A estimate the quantity of that waste that will be handled on an annual basis. For each **characteristic** or **toxic contaminant** entered in column A estimate the total annual quantity of all the non—listed waste*(s)* that will be handled which possess that characteristic or contaminant.

C. **UNIT OF MEASURE** — For each quantity entered in column B enter the unit of measure code. Units of measure which must be used and the appropriate codes are:

ENGLISH UNIT OF MEASURE	CODE	METRIC UNIT OF MEASURE	CODE
POUNDS	P	KILOGRAMS	K
TONS	T	METRIC TONS	M

If facility records use any other unit of measure for quantity, the units of measure must be converted into one of the required units of measure taking into account the appropriate density or specific gravity of the waste.

D. PROCESSES

1. PROCESS CODES:

For listed hazardous waste: For each **listed** hazardous waste entered in column A select the code*(s)* from the list of process codes contained in Item III to indicate how the waste will be stored, treated, and/or disposed of at the facility.

For non—listed hazardous wastes: For each characteristic or toxic contaminant entered in column A, select the code*(s)* from the list of process codes contained in Item III to indicate **all** the processes that will be used to store, treat, and/or dispose of all the non—listed hazardous wastes that possess that characteristic or toxic contaminant.

Note: Four spaces are provided for entering process codes. If more are needed: (1) Enter the first three as described above; (2) Enter "000" in the extreme right box of Item IV-D(1); and (3) Enter in the space provided on page 4, the line number and the additional code*(s)*.

2. PROCESS DESCRIPTION: If a code is not listed for a process that will be used, describe the process in the space provided on the form.

NOTE: HAZARDOUS WASTES DESCRIBED BY MORE THAN ONE EPA HAZARDOUS WASTE NUMBER — Hazardous wastes that can be described by more than one EPA Hazardous Waste Number shall be described on the form as follows:

1. Select one of the EPA Hazardous Waste Numbers and enter it in column A. On the same line complete columns B,C, and D by estimating the total annual quantity of the waste and describing all the processes to be used to treat, store, and/or dispose of the waste.
2. In column A of the next line enter the other EPA Hazardous Waste Number that can be used to describe the waste. In column D(2) on that line enter "included with above" and make no other entries on that line.
3. Repeat step 2 for each other EPA Hazardous Waste Number that can be used to describe the hazardous waste.

EXAMPLE FOR COMPLETING ITEM IV *(shown in line numbers X-1, X-2, X-3, and X-4 below)* — A facility will treat and dispose of an estimated 900 pounds per year of chrome shavings from leather tanning and finishing operation. In addition, the facility will treat and dispose of three non—listed wastes. Two wastes are corrosive only and there will be an estimated 200 pounds per year of each waste. The other waste is corrosive and ignitable and there will be an estimated 100 pounds per year of that waste. Treatment will be in an incinerator and disposal will be in a landfill.

LINE NO.	A. EPA HAZARD. WASTE NO. *(enter code)*	B. ESTIMATED ANNUAL QUANTITY OF WASTE	C. UNIT OF MEASURE *(enter code)*	D. PROCESSES 1. PROCESS CODES *(enter)*				D. PROCESSES 2. PROCESS DESCRIPTION *(if a code is not entered in D(1))*
X-1	*K 0 5 4*	*900*	*P*	*T 0 3*	*D 8 0*			
X-2	*D 0 0 2*	*400*	*P*	*T 0 3*	*D 8 0*			
X-3	*D 0 0 1*	*100*	*P*	*T 0 3*	*D 8 0*			
X-4	*D 0 0 2*							*included with above*

CONTINUE ON PAGE 3

Continued from page 2.
NOTE: Photocopy this page before completing if y   ave more than 26 wastes to list.

Form Approved OMB No. 158-S80004

EPA I.D. NUMBER *(enter from page 1)*: W NJD002153922 T/A C: 1

FOR OFFICIAL USE ONLY: W DUP T/A C: 2 DUP

IV. DESCRIPTION OF HAZARDOUS WASTES *(continued)*

LINE NO.	A. EPA HAZARD. WASTE NO. *(enter code)*	B. ESTIMATED ANNUAL QUANTITY OF WASTE	C. UNIT OF MEASURE *(enter code)*	D. PROCESSES 1. PROCESS CODES *(enter)*	D. PROCESSES 2. PROCESS DESCRIPTION *(if a code is not entered in D(1))*
1		This is an inactive			
2		facility. See			
3		Form 1,P.2			
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					

EPA Form 3510-3 (6-80)

CONTINUE ON REVERSI

PAGE 3 ____ OF 5
(enter "A", "B", "C", etc. behind the "3" to identify photocopied pages)

Continued from the front.

IV. DESCRIPTION OF HAZARDOUS WASTES *(continued)*

E. USE THIS SPACE TO LIST ADDITIONAL PROCESS CODES FROM ITEM D(1) ON PAGE 3.

EPA I.D. NO. *(enter from page 1)*

S													T/A	C
F	N	J	D	0	0	2	1	5	3	9	2	2		6

V. FACILITY DRAWING

All existing facilities must include in the space provided on page 5 a scale drawing of the facility *(see instructions for more detail).*

VI. PHOTOGRAPHS

All existing facilities must include photographs *(aerial or ground—level)* that clearly delineate all existing structures; existing storage, treatment and disposal areas; and sites of future storage, treatment or disposal areas *(see instructions for more detail).*

VII. FACILITY GEOGRAPHIC LOCATION

LATITUDE *(degrees, minutes, & seconds)*	LONGITUDE *(degrees, minutes, & seconds)*
40 42 32 N	024 03 24 W

VIII. FACILITY OWNER

☒ A. If the facility owner is also the facility operator as listed in Section VIII on Form 1, "General Information", place an "X" in the box to the left and skip to Section IX below.

B. If the facility owner is not the facility operator as listed in Section VIII on Form 1, complete the following items:

1. NAME OF FACILITY'S LEGAL OWNER	2. PHONE NO. *(area code & no.)*
E	

3. STREET OR P.O. BOX	4. CITY OR TOWN	5. ST.	6. ZIP CODE
F	G		

IX. OWNER CERTIFICATION

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

A. NAME *(print or type)*	B. SIGNATURE	C. DATE SIGNED
Arthur G. Weiner Vice President		

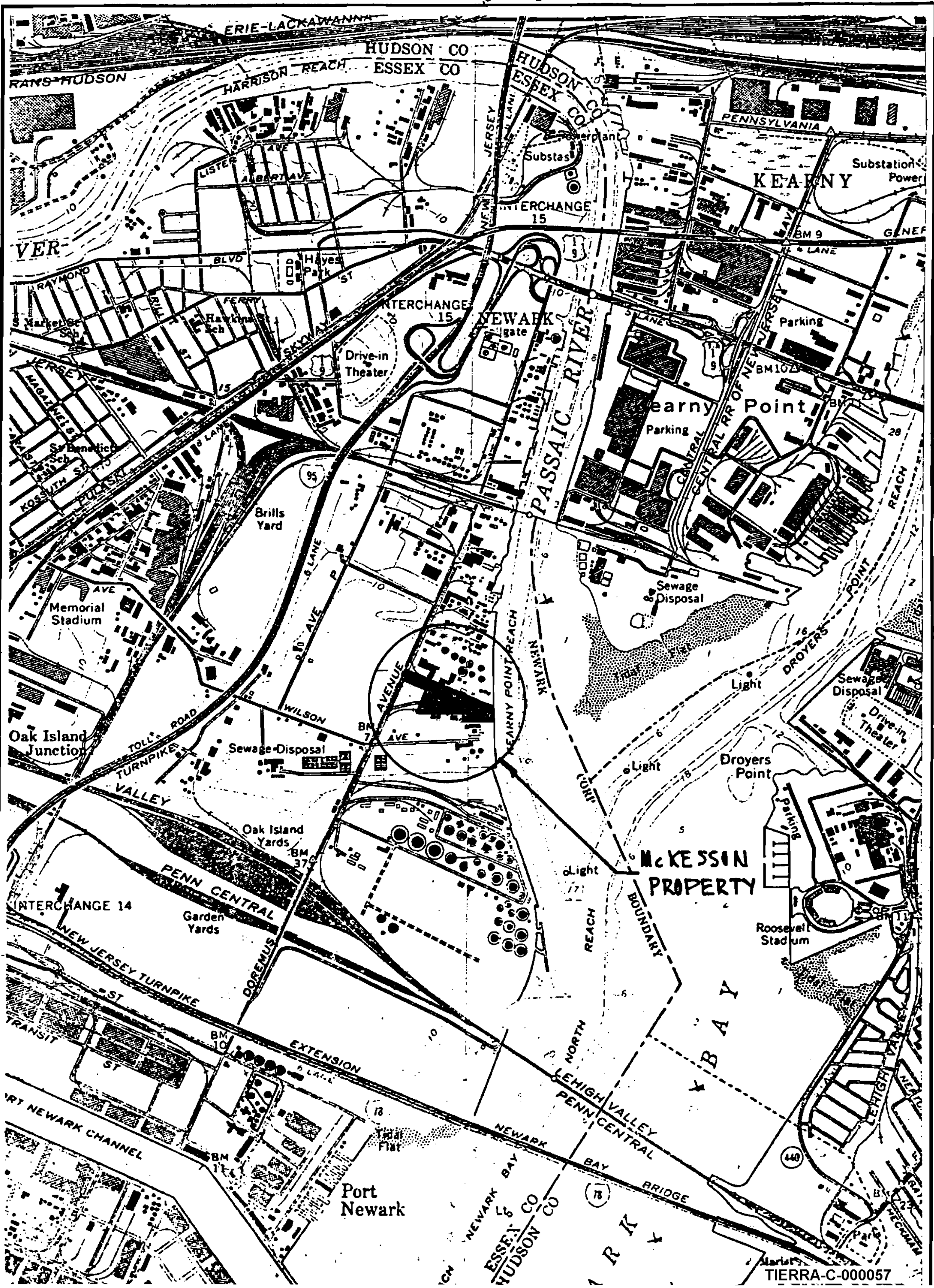
X. OPERATOR CERTIFICATION

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

A. NAME *(print or type)*	B. SIGNATURE	C. DATE SIGNED
Arthur G. Weiner Vice President		3-20-87

CONTINUE ON PAGE 5

NEWARK PLANT McKesson Corporation
Vicinity Map NJD 002153922



0.02inch = 0.28"

40°43'35"

0.02 inch = 0.28"

40°43'35"

2B

APR 01 1983

Mr. G.N. Butter
Vice President
Technical Services & Development
McKesson Envirosystems Company
One Post Street
San Francisco, CA 94104

Re: McKesson Envirosystems Co.
EPA ID No. NJD002153922

Dear Mr. Butter:

This letter serves to inform you that the Environmental Protection Agency (EPA) Region II has received the Part B application for the above referenced facility, and determined that review of the application can not proceed at this time due to the explosion and fire which occurred at said facility on October 10, 1982.

On February 3, 1983, Mr. John Chang-Chen of this office contacted Mr. William Gabbard of McKesson Envirosystems and conveyed the above information. Mr. Chang-Chen requested a status report and a revised Part B application. To date, we have no record of a response from you.

You are, therefore, directed to provide by April 25, 1983 the following information:

1) Specific details of the on-going remedial measures and implementation timetable to eliminate the problems at the Newark facility.

2) An assessment of the hazardous waste activities which presently exists at the Newark facility.

3) Plans to initiate any closure activities that may be necessary.

4) A definitive time schedule which will be needed to submit a revised Part B application.

If you have any questions on this matter, please contact Mr. John Chang-Chen, of my staff, at (212) 264-1064.

Sincerely yours,

Joel Golumbek, Chief
NJ/Caribbean Hazardous Waste Section
Solid Waste Branch

2AWM-SW:JCHANG-CHEN:rw:4/1/83:X1064

2AWM-SW 2AWM-SW

cc: Frank Coolick, NJDEP

bcc: Tom Taccone, 2PM-PA

2B

State of New Jersey
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WASTE MANAGEMENT
32 E. Hanover St., CN 028, Trenton, N.J. 08625

MARWAN M. SADAT, P.E.
DIRECTOR

LINO F. PEREIRA, P.E.
DEPUTY DIRECTOR

- 6 SEP 1984

Mr. William Gabbard
McKesson Envirosystems Co.
127 West Berry St.
Fort Wayne, IN 46802

RE: 600 Doremus Ave.
Newark, NJ
NJD 002 153 922

Dear Mr. Gabbard:

This letter shall serve to inform McKesson Envirosystems Company that upon review of the above referenced hazardous waste facility's permit application by the Department, a Waterfront Development Permit Application is required by:

Division of Coastal Resources
Bureau of Coastal Project Review
CN 401
Trenton, NJ 08625

If you have questions regarding the aforementioned, please contact Steve E. Epstein at 609-292-0061.

This letter does not constitute the final application notice of deficiency, but can be construed as part of the preliminary application review.

Please be advised that in order to obtain a Hazardous Waste Facility Permit from the Department, a Waterfront Development Permit is required. Additional questions can be forwarded to William B. Sharples of my staff at 609-984-4062.

Very truly yours,

Frank Coolick, Chief
Bureau of Hazardous Waste Engineering

EP6/slw

c: S. E. Epstein, BCPR
John Chang Chen, USEPA Region II

2B

State of New Jersey
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WASTE MANAGEMENT
32 E. Hanover St., CN 028, Trenton, N.J. 08625

DR. MARWAN M. SADAT, P.E.
DIRECTOR

LINO F. PEREIRA, P.E.
DEPUTY DIRECTOR

0 9 MAY 1985

[illegible]

W. D. Gabbard
McKesson Envirosystems Co.
127 West Berry Street
200 Commerce Bldg.
Ft. Wayne, IN 46802

RE: Hazardous Waste Facility Permit Application
NJD 002 153 922, Newark, NJ

Dear Mr. Gabbard:

In response to the April 17, 1985 letter, the Bureau proposes the following time frame for processing the above referenced permit application and final decision for the issuance of a permit:

1. Technical completeness determination within thirty (30) days from May 1, 1985, the last date of submission receipt in response to the September 21, 1984 technical notice of deficiency.

2. Complete draft permit, fact sheet and public notice or application denial within 90 days after application is technically complete.

3. Issue final permit within 75 days of public notice, or if a public hearing is held within 150 days.

This is to be used as a guidance document only. The time frames are based upon previous records but may require adjustments based on future experience.

If you have any questions, please contact my office at (609)929-9880.

Very truly yours,

Frank Coolick

Frank Coolick, Chief
Bureau of Hazardous Waste Engineering

EP6:lk
cc: A. Chang, USEPA

Foremost-McKesson Chemical Group
McKesson Envirosystems Co.
127 West Berry Street
200 Commerce Building
Fort Wayne, IN 46802
219 424 1940

McKESSON ENVIROSYSTEMS

2B

August 31, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Donald Testa
United States EPA
Region II
26 Federal Plaza
Room 907
New York, NY 10278

Re: Part "B" Permit Application
NJD 002153922

Dear Mr. Testa:

Confirming our telephone conversation of August 31, we are currently preparing our Part "B" permit application for our TSD facility at 600 Doremus Avenue, Newark, New Jersey; the due date for which is October 2, 1982.

As I mentioned to you on the telephone, we are also currently preparing the Part "B" application for our plant in New Castle, Kentucky. In addition, we are mandated by the Kentucky Department for Natural Resources and Environmental Protection to prepare a Part "B" application for them and by the New Jersey Department of Environmental Protection to prepare a Part "B" for them also. The Region IV and Kentucky applications were due on September 4. I have just requested an extension for our New Castle application to September 15, and have been assured by both Region IV and Kentucky that the extension will be granted.

Fortunately for us, both New Jersey and Kentucky have essentially adopted the federal regulations as written so that we are, in essence, writting one application with significant modifications -- the two plants perform the same basic functions (resource recovery of organic chemicals), but there are substantial differences in plant layout, process equipment, geography, geology, material processed, plant operating parameters and personnel functions.

We are striving to meet the October 2 due date, but realistically, we may not be able to do it. We are not yet close enough to that date to make a reliable estimate, but have gained sufficient experience in preparing this document to know it will not go more than thirty days beyond the date -- most probably less. We will be able to make a reliable estimate about the beginning of the third week in September. At that time, if we see we are going to need additional time, we will make a formal request for an extension.

We were pleased to learn that the New Jersey Department of Environmental Protection might be working with your region on the Part "B", possibly handling the evaluation of the technical aspects. We have been working with the New Jersey DEP technical staff people for quite some time; have come to respect their engineering knowledge and understanding. Their people are in our plant once a week; know it better than other government agency personnel.

Sincerely,

John R Berger

John R. Berger, Manager
Engineering & Environment

gv

cc George N. Butter
Ivan D. Meyerson
William J. Shortreed

2F

SECTION 7:26-12.2(e) 2. CHEMICAL AND PHYSICAL ANALYSIS OF HAZARDOUS WASTE

2-1 Chemical & Physical Analysis

The following are descriptions of the hazardous wastes to be received and stored at the Newark facility:

- The spent halogenated solvents used in degreasing:

  Tetrachloroethylene
  Methylene Chloride
  Carbon Tetrachloride
  Trichloroethylene
  1,1,1-Trichloroethane
  Chlorinated Fluorocarbons

  and the still bottoms from the recovery of these solvents. The EPA hazard basis is "Toxic", the EPA waste number is F001, and the basis for hazardous designation is "listed waste.".

- The spent halogenated solvents:

  Tetrachloroethylene
  Trichloroethylene
  Chlorobenzene
  Ortho-Dichlorobenzene
  Methylene Chloride
  1,1,1-Trichloroethane
  1,1,2-trichloro-1,2,2-trifluoroethane
  Trichlorofluoromethane

  and the still bottoms from the recovery of these solvents. The EPA hazard basis is "Toxic", the EPA waste number is F002, and the basis for hazardous designation is "listed waste".

- The spent non-halogenated solvents:

  Xylene
  Ethyl Acetate
  Ethyl Ether
  n-Butyl Alcohol
  Methanol
  Acetone
  Ethyl Benzene
  Methyl Isobutyl Ketone
  Cyclohexanone

  and the still bottoms from the recovery of these solvents. The EPA hazard basis is "Ignitable", the EPA waste number is F003, and the basis for hazardous designation is "listed waste".

- The spent non-halogenated solvents:

  Toluene
  Carbon Disulfide
  Pyridine
  Methyl Ethyl Ketone
  Isobutanol

  and the still bottoms from the recovery of these solvents. The EPA bases are both "Ignitable" and Toxic", the EPA waste number is F005, and the basis for hazardous designation is "listed waste".

//

- Mixtures of the above listed spent solvents and still bottoms. The EPA hazard bases are either "Ignitable", "Toxic" or both. The EPA waste number is F001, F002, F003, F005 or combinations. The basis for the hazardous designation is "listed waste". Typical examples of mixed spent solvents wastes are:

  - Waste solvent from the pharmaceutical industry -

Ortho-dichlorobenzene	90 Volume %
Methylene Chloride	7 Volume %
Water	3 Volume %

  - Waste solvent from the paint industry -

Methyl Ethyl Ketone	10 Volume %
Methyl Isobutyl Ketone	3 Volume %
Toluene	32 Volume %
Xylene	45 Volume %
n-Butyl Acetate	2 Volume %
Isopropyl Acetate	2 Volume %
Water	1 Volume %
Resins, Pigments, Adhesives	5 Volume %

  - Waste solvent from the electronic industry -

1,1,1-Trichloroethane	80 Volume %
Trichlorofluoromethane	15 Volume %
Resin, Flux, Pigments	5 Volume %

  - Waste solvent from the metal cleaning industry -

Perchloroethylene	40 Volume %
Methylene Chloride	25 Volume %
Trichloroethylene	15 Volume %
Soil, Grime, Grit, Oil, Grease	20 Volume %

- The industrial waste solvents not listed as hazardous wastes, but exhibiting the characteristic of ignitability and the still bottoms from solvent recovery. The EPA hazard basis in "Ignitable", the EPA waste number is D001, and the basis for hazardous designation is a flashpoint of 140°F or less. The spent solvents can be received as individual chemicals or as mixtures of several chemicals. Appendix C contains a list of typical chemicals in this category.

- The commercial chemical products, manufacturing chemical intermediates or off-specification commercial chemical products. Some waste generators prefer to identify their used solvents as "discarded commercial chemical products" rather than as "spent solvents". The EPA hazard codes, waste names, and EPA waste numbers follow. The basis for hazardous designation is "listed waste".

U002 Acetone (I)
U070 o-Dichlorobenzene (T)
U071 m-Dichlorobenzene (T)
U072 p-Dichlorobenzene (T)
U075 Dichlorodifluoromethane (T)
U078 1,1-Dichloroethylene (T)
U079 1,2-Dichloroethylene (T)
U226 1,1,1-Trichloroethane (T)
U227 1,1,2-Trichloroethane (T)
U121 Trichloromonofluoromethane (T)
U159 Methyl Ethyl Ketone (I,T)
U196 Pyridine (T)
U220 Toluene (T,I)
U239 Xylene (I)
U019 Benzene (I,T)
U037 Benzene, Chloro- (T)
U188 Benzene, Hydroxy (T)
U169 Benzene, Nitro (I,T)
U077 Ethylene Dichloride (T)
U068 Methane, Dibromo (T)
U052 Cresols (T)
U107 Di-n-octyl phthalate (T)
U043 Ethene, chloro- (T)
U003 Acetonitrile (I,T)
U031 n-Butyl Alcohol (I)
U211 Carbon Tetrachloride (T)
U044 Chloroform (T)
U112 Ethyl Acetate (I)
U117 Ethyl Ether (I)
U213 Tetrahydrofuran (I)
U140 Isobutyl Alcohol (I,T)
U154 Methanol (I)
U080 Methylene Chloride (T)
U161 Methyl Isobutyl Ketone (I)
U210 Tetrachloroethylene (T)
U228 Trichloroethylene (T)
U056 Cyclohexane (I)
U057 Cyclohexanone (I)
U083 1,2-Dichloropropane (T)
U084 1,3-Dichloropropane (T)
U113 Ethyl Acrylate (I)
U108 1,4-Diethylene Dioxide (T)
U110 Dipropylamine (I)

(I) - designates "Ignitable" basis
(T) - designates "Toxic" basis

The above types of hazardous wastes have been received and stored at McKesson facilities for several years now as a part of the company's normal operations. Hundreds of chemical and physical analyses have been performed to measure and identify various components or characteristics of the material. The resulting chemical laboratory records are maintained in plant office files. Appendix C contains examples of the laboratory analytical reports.

Material safety data sheets on the various chemicals handled will be maintained in the plant office for reference. Appendix C contains examples of safety data sheets.

Wastes at Newark will be received both in bulk tanktruck quantities and in drums. Wastes will be stored both in bulk storage tanks and in drums.

Our Newark plant will be an exclusive off-site facility. All of the waste streams brought into the facility for storage and processing will be from off-site waste generators.

2-2 Notice to Waste Generator of Handling Capability

Appendix C contains an example of the form to be used to inform waste generators in writing that McKesson Newark has the appropriate permits and will accept the generator's waste.

Copies of notices sent out will be maintained in the plant office files.

2-3 Initial Evaluation, Waste From Off Site Generators

Appendix C contains an example form used in documenting the negotiation, evaluation and analysis procedures that will take place when a new customer's waste stream is considered for this facility.

The customer will be required to provide information on the nature and characteristics of his waste stream.

The customer's information will be reviewed by experienced personnel to ensure that the prospective waste stream is compatible with operations at our facility.

A sample (or samples) of the customer's waste material is (are) obtained for laboratory analysis to verify:

- The accuracy and adequacy of the customer's information.
- The compatability of the material to facility operations.

2-4 Identification, Verification and Analysis of Wastes, Incoming Loads

A composite sample will be obtained on each receipt of waste from an off-site generator. Sample methods are described in Section 4-3.

The material in the sample will be analyzed using test methods described in Section 4-2. The laboratory report, an example of which is contained in Appendix C, identifies the chemical ingredients present in the waste material. Examples are: methylene chloride, acetone, toluene, etc.

The laboratory report is verified against the manifest document originating from the waste generator to ensure that waste identities match. Discrepancies in identification are resolved with the generator. Appendix C contains details on resolving discrepancies on waste identity matching.

SECTION 7:26-12.2(e) 3. PROCESS DESCRIPTION

The Newark facility will offer recycling service for a limited range of wastes; the organic chemicals/solvents. Most of these materials have common characteristics of fairly high vapor pressure, low solubility in water and good solvency for other organic compounds.

In most recovery processes, the principle operation is to separate dissolved or suspended solids or material from the solvent and then where required, to further separate the product fractions present. As an additional modification, the stream may have been refined by a combination of countercurrent extraction and vaporization or distillation. Another variation is the passage of material through a suitable absorbent to remove water. The customary recovery processing of different spent solvent streams is:

Solvent Type	Recovery Process Used
Paint industry spent solvents	Batch evaporation
Pharmaceutical industry spent solvents	Continuous distillation
Metal cleaning industry spent solvents	Batch distillation
Electronics industry spent solvents	Batch distillation

The recovered products from the various production steps will be subjected to careful quality control and then made available for sale under definite published specifications. Intermediate fractions and byproducts will be blended to specifications and sold as formulated products. In the event the material is packaged for sales, the containers will be properly labeled. Appendix D contains examples of McKesson drum labels. Material Safety Data Sheets will be available.

These production, product storage, packaging and labeling steps are subject to federal and state OSHA, Fire Marshal and worker/work place right-to-know regulations.

3-1 Flow Schematics

Appendix D contains typical flow diagrams for the solvent recovery processes planned for installation at Newark. These include:

- Batch evaporation
- Batch distillation
- Continuous distillation
- Reaction separation
- Liquid/liquid extraction
- Phase Separation
- Filtering
- Mixing and Blending
- Drying

3-2 Material Balance Calculations

There wil be two different categories of plant process operations related to mass balances:

- Category 1 involves closed loop operations where a chemical transformation does not occur:
  - mixing & blending
  - liquid/liquid extraction
  - phase separation
  - reaction separation
- Category 2 involves evaporation or drying operations where a chemical transformation does occur (liquid to vapor, vapor to liquid):
  - batch evaporation
  - batch or continuous distillation

McKesson's Standard Operating Procedures specify that mass balance calculations are performed on a unit operations basis. Plans at Newark include installation of a monitoring computer to automate the unit operation mass balance computations.

Category 1 unit operations normally do not involve mass balance considerations since material quantities in and material quantities out are equal.

Appendix D contains diagrams showing typical material thruput results for the Category 2 unit operations.

Excluded from mass balance considerations are the minor ancillary functions such as quality control samples, hose uncouplings and transfer line washout.

Also excluded are storage tank and process vessel vapor emissions which are regulated via the air emission permit process of the New Jersey Department of Environmental Protection.

Two equipment features are planned for installation to control vapor emissions and odors:

- Product coolers will reduce the temperature of the distillate below its saturation point to minimize emission while the distillate is in temporary storage
- Vent condensers will serve as a back up to distillate condensers to control vapor release to the atmosphere.

3-3 Type of Equipment

Appendix D contains examples of McKesson engineered equipment standards (for steam traps and for centrifugal pumps). Other equipment types used in refinery processing systems include:

- heat exchangers and condensers
- steel storage tanks and reactor vessels
- distillation columns
- pumps, valves, pipes and fittings
- filters, chemical hoses
- instrumentation for volume, flow, temperature and pressure measurement
- steam boiler, with steam distribution system and boiler feed water conditioning equipment
- cooling towers, with pumps and a water circulation system
- pressure relief/rupture disk systems for emergency depressurization

The main production units are further described:

- Reboilers - are 8,000 to 12,000 gallon capacity special vessels with forced circulation through external heat exchangers. Steam is supplied under controlled pressure generally to the shell side with the product stream to be evaporated passing through the tube bundle. Reboilers are constructed from stainless or carbon steel and are assembled by welding. The reboiler is equipped with temperature and pressure monitoring instrumentation and with emergency pressure relief devices.

- Stills - two types of distillation columns are used generally; a sieve type and a bubble cap type. Each type will have multiple trays or plates. The column towers are manufactured from stainless steel and are assembled by welding.

- Condensers - The vapor flow out of the distillation column is condensed back to the liquid state in the condenser. The cooling mechanism is water circulated in the plant cooling tower system. The condensers also function to prevent vapor releases to the atmosphere.

- Dryers - Moisture is separated from refined products as the product passes through an absorbent bed in the dryer unit. The dryer beds are regenerated by external heating and reverse passage of a heated stream.

Appendix D contains photographs of these major refinery equipment types. The photographs are from actual installations at other McKesson plants.

McKesson does not plan on developing the details of equipment specifications, design bill-of-material lists, contractor bid packages, etc., until later at the appropriate time in the overall permitting-design-installation-start-up project.

McKesson does intend to design and install equipment in accordance with all applicable federal, state and local building and fire codes.

3-4 Flow Rates and Product Throughput

Raw materials for the Newark plant will be acquired by three major methods. The methods are ranked in order of expected volume:

- Method 1 - Spent solvents purchased from customers. The spent solvents will be recycled for sale as commercial products.
- Method 2 - Custom toll recycling for individual customer spent solvent or chemical intermediate streams. These materials are recycled for return to the same customers from whom they were received.
- Method 3 - Spent solvents acquired from customers on a "free disposal basis" or on a "disposal charge" basis. The spent solvents will be recycled and then sold as commercial products.

On Method 1, McKesson receives no sales revenue until the spent solvents are received, recycled and sold. This provides economic incentives to move raw materials through the production process.

On Method 2, McKesson receives no sales revenue until the recycled products are returned to customers. This also provides economic incentives to move raw materials through.

Method 3 is expected to provide the minor portion of incoming spent solvents at Newark.

3-5 Examples of Material Flow Through

Appendix D contains history charts and graphs that compare product inventory levels with sales volume levels for other McKesson plants in Illinois and Kentucky.

The charts reflect a common business practice of maintaining an inventory level of only two gallons of product versus one gallon of sales. McKesson has no history of practices in "over accumulation" or "speculative accumulation" of waste solvents.

SECTION 7.26-12.2(e) 4. WASTE ANALYSIS PLAN

4-1 Parameters & Rationale

The following table lists the hazardous wastes to be stored at the facility, the analytical parameters that apply to waste analysis and the rationale for selection of the parameters:

Hazardous Waste	Parameter	Rationale
The spent halogenated or non-halogenated solvents and still bottoms listed in Section 2.	The individual listed chemicals, such as methylene chloride, acetone, xylene, etc.	These are listed wastes (F001, F002, F003, F005 or combinations or discarded commercial chemicals or chemical intermediates UXXX).
The spent solvents and solvent mixtures, ignitable, and still bottoms discussed in Section 2 or listed in Appendix C.	Flashpoint 140°F or less.	The wastes are ignitable. Examples of flashpoints are provided.

4-2 Test Methods

The following table lists the test methods to be used to measure the analytical parameters. All methods are EPA equivalent.

Parameter	Test Method	Reference
Presence of listed chemicals such as methylene chloride, acetone, xylene, etc.	Gas chromatography*	*EPA 261, Appendix III, Table 1.
Flashpoint	Closed Cup	ASTM D3828 or ASTM D3278

*Appendix C contains information of the types of laboratory equipment used in gas chromatography. Also included is a discussion of SW-846 adaptations for spent solvent laboratory analysis.

4-3 Sampling Methods

The following table lists the hazardous wastes to be received and stored at the facility and the method used to sample each.

Hazardous Waste	Sampling Method & Description
Spent solvents listed in Section 2 received in drums.	Sample using a liquid sampling device (tube type)inserted into the drum.
Spent solvents listed in Section 2, received in bulk tanktrucks.	Method 1-a composite sample from two grab samples, one at the top of the tanker and one at the bottom of the tanker. Method 2-a sample using a liquid sampling device (tube type) inserted into the tanktruck. On tanktrucks, either method 1 or method 2 is used depending on construction of the tanktruck, accessibility for sampling, and nature of the waste stream.

All sampling methods are EPA equivalent. Appendix C contains additional details on waste sampling, including a description of the protective clothing worn by employees during sample taking, a list of typical steps involved with taking a sample, etc.

4-4 Frequency of Analysis

The repeat analysis of waste to ensure accuracy and being up to date does not directly apply for solvent recycling facilities where wastes are brought in from off-site and every incoming load is analyzed. (See 2-4)

4-5 Waste From Off-Site Generators

Appendix C contains an example form to be used in documenting the negotiation, evaluation and analysis procedures that take place when a new customer's waste stream is considered for this facility.

The customer is required to provide information on the nature and characteristics of his waste stream.

The customer's information will be reviewed by experienced personnel to ensure that the prospective waste stream is compatible with operations at our facility.

A sample (or samples) of the customer's waste material will be obtained for laboratory analysis to verify:

- The accuracy and adequacy of the customer's information.
- The compatability of the material to facility operations.

4-6 Containers

The routine handling of liquid wastes in containers includes these steps:

- The drums are unloaded from the van trailer using a lift truck fitted with drum grabber attachments. Drums are spread out in the warehouse -- loading dock staging area so the individual drums are accessible for inspection and sampling.
- The drums are counted, inspected, and the contents are sampled using procedures described in Sections 2 and 4.
- After the analysis and verification tests have been completed, the drums are moved back to the loading dock work area. The movement is with a lift truck. The liquid is then pumped out of the drum. The empty drum is inspected to insure that it meets the EPA definition of "empty" (liquid level below 1 inch). The drum is then hand rolled on to a van trailer for transport to a commercial drum reconditioner.

Under normal conditions, the incoming receipts of waste solvents in drums are processed through the above steps within two or three days. However, there can be accumulation of waste solvents in drums based on production schedules of the down-stream refinery distillation equipment.

This accumulation waiting for distillation processing results in the largest number of waste solvent drums in storage. The other accumulation is refinery still bottoms. Still bottom waste drums are stored until a full truckload quantity has been accumulated. At that time, the truckload quantity is shipped off site for disposal.

PAB 2 F

FEB 27 1985

RCRA Waste Analysis Plan Review

Richard M. Walka, Acting Chief
Solid Waste Branch (2AWM-SW)

Gerard McKenna, Chief
Monitoring Management Branch (2ES-MM)

As part of the agreement between the Air and Waste Management Division (AWM) and Environmental Services Division (ESD), please find attached the following RCRA waste analysis plan, submitted by McKesson Envirosystems, Company, EPA ID Number NJD002153922.

I am requesting that ESD review the waste analysis plan and provide written comments to me on the adequacy of such plan within 30 days of receipt of this memo.

If you require additional information please contact Mr. John Chang-Chen of my staff, at (212) 264-1064.

Attachment w/o attachment [illegible]

cc: Richard Baker, 2OPM-PA

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION II
26 FEDERAL PLAZA
NEW YORK, NEW YORK 10278

MAY 09 1986

Mr. Gregg P. Franklin
Manager, Environmental and Governmental Affairs
McKesson Envirosystems Company
127 West Berry Street
Fort Wayne, Indiana 46802

Re: McKesson's Newark Facility
EPA I.D. Number NJD002153922

Dear Mr. Franklin:

The Environmental Protection Agency (EPA) has completed a preliminary review of your submitted information (dated June 5, 1985) which concerns the potential of hazardous waste or hazardous waste constituent releases from solid waste management units (SWMU's) at the McKesson facility located at 600 Doremus Street, Newark, New Jersey. EPA acknowledges that significant contaminant releases have occurred at the referenced site. However, your submittal did not adequately describe the nature and extent of the contamination and the current corrective action measures being implemented at the Newark site.

Your corporation was notified of EPA's intention to issue a Resource Conservation and Recovery Act (RCRA) permit to the referenced Newark facility. This permit will, in part, be based on the provisions of Sections 206, 212, and 224 of the Hazardous and Solid Waste Amendments of 1984 (HSWA) which modified Sections 3002, 3004 and 3005 of RCRA. These conditions require all facilities which receive a RCRA permit after November 8, 1984, to implement corrective action (if necessary) both on and beyond the facility property.

In accordance with Section 3007 of the RCRA, Mckesson Envirosystem Company is required to submit the following information within 30 days from the date of this letter:

I. A topographic map of the Newark facility. This map should provide the following:

    a. Show a distance of at least 1000 feet around the facility property boundary.

    b. Contour lines must be in sufficient number so as to clearly indicate the pattern of surface water flow.

    c. The positions of existing or potentially existing solid waste management units.

✓

d. If any monitoring wells exist at or within the general vicinity of the referenced facility site, they should all be clearly indicated.

II. EPA understands that McKesson conducted an extensive hydrogeological study and evaluation of the entire Newark site in 1982. A copy of this investigative report should be forwarded.

III. Copies of all permits and/or corrective action orders, etc., which pertain to the remediation of the referenced site must be submitted.

Failure to submit the required information or falsification of any submitted information is grounds for a RCRA permit denial (40 CFR §270.43) and enforcement action. All information submitted must be certified as required by 40 CFR §270.11(d). Please forward your submittal to the address below:

U.S. Environmental Protection Agency
Region II - Room 400
26 Federal Plaza
New York, New York 10278
ATTN: Barry Tornick, Chief
NJ/Caribbean Permits Section

If you have any questions, please direct them to Michael Walters of my staff. He can be reached at (212) 264-5345.

Sincerely yours,

Barry Tornick

Barry Tornick, Chief
New Jersey/Caribbean Permit Section
Solid Waste Branch

cc: Frank Coolick
Chief, Bureau of Hazardous
Waste Engineering, NJDEP

John Trela
Chief, Bureau of Ground Water
Quality Management, NJDEP

William O'Sullivan, NJDEP
bcc: Michael Walters, 2AWM-SW
Laura Livingston, 2PM-PA ✓

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

2-18

RCRA GENERATOR INSPECTION CHECKLIST

Generator's Name: Inland Chemical Corp.

EPA I.D. #: NJD002153922

Generator's Address: Doremus ave, Newark

Contact: Ed Venne
Plant Mngr.

		YES	NO
1.	Does generator have an EPA I.D. number?	(X)	( )
2.	Does generator store material on-site?	(X)	( )
3.	Is waste accumulated for more than 90 days?	(X)	( )
4.	Does generator manifest waste?	(X)	( )
5.	Does manifest show following information:		
a.	Name, address, I.D. of generator	(X)	( )
b.	Name, address, I.D. of transporter	(X)	( )
c.	Name, address, I.D. of designated facility	(X)	( )
d.	Name, of alternative facility	( )	(X)
e.	DOT waste description	(X)	( )
f.	Quantity of waste-volume, weight, number of containers	(X)	( )
g.	Signed certification statement	(X)	( )
6.	Does generator maintain manifest records?	(X)	( )

7. General Comments:

Though most manifests are properly filled, some problems do exist. One problem noted on this inspection is on 3-10-81 65 drums of CCl_4 bottoms were shipped by Inland to SCA services in So. Carolina on manifest # NJ 0026799 The manifest listed '1' container where there should have been '65' containers.

Inspected By: Chas Elmendorf

Date: 3-12-81

Reviewed by: Wayne

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

RCRA TRANSPORTER INSPECTION CHECKLIST

Transporter Name: Inland Chemical Corp. EPA I.D.: NJ D002153922

Transporter Address: Doremus ave, Newark Driver: Ishmael Gonzales

	Yes	No
1. Does the transporter have an EPA I.D. number?	(X)	( )
2. Is the transporter carrying hazardous waste?	(X)	( )
3. Does the transporter have a manifest?	(X)	( )
4. Does the manifest show the following information:		
a. Name, address, I.D. of generator	(X)	( )
b. Name, address, I.D. of transporter	(X)	( )
c. Name, address, I.D. of designated facility	(X)	( )
d. Name of alternative facility	( )	(X)
e. DOT waste description	(X)	( )
f. Quantity of waste-volume, weight, number of containers	(X)	( )
g. Signed certification statement	(X)	( )
5. Does the manifest information confirm vehicle load?	(X)	( )
6. Is the vehicle placarded for hazardous waste?	( )	(X)

7. General comments:

vehicle is placarded for ~~[illegible]~~ 'Drive Safely'

Manifest of this load is NJ # 0026779.

Inspected by: Chas. Elmendorf

Date: 3-12-81

Reviewed By: Wayne Howitz

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

RCRA TSD FACILITY INSPECTION CHECKLIST

Company's Name: Inland Chemical Corp.

EPA I.D. #: NJ D002153922

Company's Address: Doremus ave, Newark

Contact: Ed Venne
Plant Mngr.

	YES	NO
1. Does the facility have an EPA I.D. number?	(X)	( )
2. In what capacity does the facility handle hazardous waste? Circle all appropriate	( )	( )

Storer	Treater	Disposer
Pile	Filtration	Landfill
[✓ Drums]	Incineration	Land Treatment
[✓ Surface Tanks]	Thermal	Incineration
Subsurface Tanks	Chemical	Surface Impoundment
Surface Impoundments	Biological	Other ______
Other ______	[✓ Other] fractional distillation	

	YES	NO
3. Does the facility generate hazardous waste?	(X)	( )
4. Does the facility transport hazardous waste?	(X)	( )
5. Does the facility comply with the following	( )	( )
a. Adequate Security	(X)	( )

Comments: Yard is fenced in.
Guard at entrance.

	YES	NO
b. Contingency Plan and Emergency Procedures	(X)	( )

Comments:

	YES	NO
c. Inspection Plan	(X)	( )

Comments: Tank farms, including pipes + valves
are checked on weekdays

	YES	NO
d. Personnel Training	(~~X~~)	(X)

Comments: Employees are trained through
books, and on the job training
No records of training.

e.	Waste Analysis Plan Comments: Checked for flammability organic and solvent content. No records kept of waste analysis	(☐)	(☒)
f.	Preparedness and Prevention Plans Comments:	(☒)	(■)

6.	Has the facility filed a part a permit application?	(☒)	(☐)
7.	Does the facility maintain manifest records?	(☒)	(☐)
8.	Does the facility have other environmental permits?	(☒)	(☐)
a.	NPDES	(☐)	(☒)
b.	Air	(☒)	(☐)
c.	State --identify	(☐)	(☐)
d.	Other --identify	(☐)	(☐)

9. Identify hazardous wastes handled and method for handling

solvents are brought in and recovered mostly by fractional distillation, some by chemical reactions (acidification, etc)

0. General Comments

No Copy of EPA part a permit or anything issued by EPA with ID # on it ever is presently kept at site. Housekeeping at facility is generally poor, with several faulty pumps, valves, fittings, tanks, etc. causing spills and leaks in contained as well as uncontained areas. A dark purple discharge with an oily sheen is often noted directly behind Inland, going into The Newark Bay. There is also a RR tank car on site which is full of a dark brown liquid. Mr Venae said he does not know the contents of this tank

Inspected by: Chas Elmendorf

Date: 3-12-81

Reviewed by, Wayne Howitz

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RCRA INSPECTION REVIEW SHEET

Name of Facility - Inland -mckesson chemical
RCRA ID= - NJD002153922
Date of Inspection - 7-13-82
Type of Inspection: [✓ Generator] [✓ Transporter] [✓ TSD]
Name of EPA/State Inspector - Bob Dont/NJDEP

Findings of Inspection: Facility appeared to be in good shape no leaking drums were observed strong odors were detected in the processing areas also much standing water was observed throughout the facility.

Action(s) Taken: NONE

Action(s) Recommended: NONE

[illegible]

AUG 19 11 34 AM '82

ENVIRONMENTAL PROTECTION
AGENCY
NEW YORK, N.Y. 10007

RCRA GENERATOR INSPECTION FORM

COMPANY NAME: Inland-mckesson chemical

EPA I.D. NUMBER: NJ D002153922

COMPANY ADDRESS: 600 Doremus Ave
Newark

COMPANY CONTACT OR OFFICIAL: Eddie Venne

INSPECTOR'S NAME: Bob Dant C

TITLE: Plant Engineer
says :T

BRANCH/ORGANIZATION: NJDEP

CHECK IF FACILITY IS ALSO A TSD FACILITY ☑N

DATE OF INSPECTION: 7-13-82

	YES	NO	
(1) Is there reason to believe that the facility has hazardous waste on site?	✓	___	___

a. If yes, what leads you to believe it is hazardous waste? Check appropriate box:

☑ Company admits that its waste is hazardous during the inspection.

☑ Company admitted the waste is hazardous in its RCRA notification and/or Part A Permit Application.

☑ The waste material is listed in the regulations as a hazardous waste from a nonspecific source (§261.31)

☐ The waste material is listed in the regulations as a hazardous waste from a specific source (§261.32)

☑ The material or product is listed in the regulations as a discarded commercial chemical product (§261.33)

☑ EPA testing has shown characteristics of ignitability, corrosivity, reactivity or extraction procedure toxicity, or has revealed hazardous constituents (please attach analysis report)

☐ Company is unsure but there is reason to believe that waste materials are hazardous. (Explain)

	YES	NO	DON'T KNOW
b. Is there reason to believe that there are hazardous wastes on-site which the company claims are merely products or raw materials? Please explain:		✓	
c. Identity the hazardous wastes that are on-site, and estimate approximate quantities of each. wastes are numerous enclosed find waste and product inventory as of 7-12-82.			
d. Describe the activities that result in the generation of hazardous waste. The reclaimation and distillation of waste solvents for recovery.			
(2) Is hazardous waste stored on site?	✓		
a. What is the longest period that it has been accumulated? Time varies			
b. Is the date when drums were placed in storage marked on each drum?	✓		
(3) Has hazardous waste been shipped from this facility since November 19, 1980?	✓		
a. If "yes," approximately how many shipments were made? approx 200			
(4) Approximately how many hazardous waste shipments off site have been made since November 19, 1980? approx 200			
a. Does it appear from the available information that there is a manifest copy available for each hazardous waste shipment that has been made?	✓		
b. If "no" or "don't know," please elaborate.			

	YES	NO	DON'T KNOW
c. Does each manifest (or a representative sample) have the following information?			
- a manifest document number	✓		
- the generator's name, mailing address, telephone number, and EPA identification number	✓		
- the name, and EPA identification number of each transporter	✓		
- the name, address and EPA identification number of the designated facility and an alternate facility, if any:	✓		
- a description of the wastes (DOT)	✓		
- the total quantity of each hazardous waste by units of weight or volume, and the type and number of containers as loaded into or onto the transport vehicle	✓		
- a certification that the materials are properly classified, described, packaged, marked, and labeled, and are in proper condition for transportation under regulations of the Department of Transportation and the EPA	✓		
(5) Were there any hazardous wastes stored on site at the time of the inspection?	✓		
a. If "yes," do they appear properly packaged (if in containers) or, if in tanks, are the tanks secure?	✓		
b. If not properly packaged or in secure tanks, please explain.			
c. Are containers clearly marked and labelled?	✓		
d. Do any containers appear to be leaking?		✓	
e. If "yes," approximately how many?			

*(6) Has the generator submitted an annual report to EPA covering the previous calendar year? NA ____ ____

a. How do you know?

(7) Has the generator received signed copies (from the TSD facility) of all manifests for wastes shipped off site more than 35 days ago? ✓ ____ ____

a. If "no," have Exception Reports been submitted to EPA covering these shipments? ____ ____ ____

(8) General comments.

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* The effective date for this requirement is March 1, 1982.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

RCRA TRANSPORTER INSPECTION CHECKLIST

Transporter Name: Inland mckesson chemical EPA I.D.: NJD002153922

Transporter Address: 600 Doremus Ave Newark Driver: No Driver Present

	Yes	No
1. Does the transporter have an EPA I.D. number?	(✓)	( )
2. Is the transporter carrying hazardous waste?	(✓)	( )
3. Does the transporter have a manifest?	(✓)	( )
4. Does the manifest show the following information:		
a. Name, address, I.D. of generator	(✓)	( )
b. Name, address, I.D. of transporter	(✓)	( )
c. Name, address, I.D. of designated facility	(✓)	( )
d. Name of alternative facility	(✓)	( )
e. DOT waste description	( )	(✓)
f. Quantity of waste-volume, weight, number of containers	(✓)	( )
g. Signed certification statement	(✓)	( )
5. Does the manifest information confirm vehicle load?	(✓)	( )
6. Is the vehicle placarded for hazardous waste?	(✓)	( )

7. General comments:

No [redacted] trucks were on site except for inhouse yard trucks. The information gathered above was from going over the manifest records in which Inland was the hauler.

Inspected by: Bob Dante

Date:

3C

RCRA INSPECTION FORM

Report Prepared for:

Generator ☒

Transporter ☒

HWM (TSD) facility ☒

Copy of report sent to the facility ☒

(7)

PART B

Facility Information

Name: Mckesson Enviro. Systems

Address: 600 Doremus Ave

Newark N.J. 07105

County: Essex

EPA ID#: NJD002153922

Date of Inspection: 1/26/83

Participating Personnel

State or EPA Personnel: Tom Downey

Facility Personnel: Dana Venux

Production ~~Plant~~ Manager

Report Prepared by Name: Tom Downey

Agency: NJDEP

Telephone #: 609-292-9592

Approved for the Director by: ____________________

Summary of Findings

Facility Description and Operations

A major fire and explosion on 10/10/83 destroyed about 50% of facility. The cause was the result of a combination of factors. (Available upon request from NJDEP). Since 10/10, company began a massive cleanup operation. All damaged and destroyed equipment and tanks which could not be salvaged were scrapped. Contaminated soil, debris and remaining waste in tanks is in process of being manifested off site. Due to a closure order issued by NJDEP immediately following explosion, company ceased accepting waste from off site sources.

Company had been Inland Chemical, however, McKesson bought company in early 1982. Company was permitted by NJDEP and operating under an administrative consent order.

McKesson has since submitted engineering design plans to DEP to rebuild.

Describe the activities that result in the generation of hazardous waste.

Presently, clean up operations from 10/10/83 explosion and fire is the only activity on site which results in the generation of hazardous waste. Prior to 10/10, company had recovered solvents through distillation.

Identify the hazardous waste located on site, and estimate the approximate quantities of each. (Identify Waste Codes)

Paint sludge		770,000 gallons
Chlorinated solvents		105,000 gallons
DMA	–	175,000 gallons
Alcohol	–	70,000 gallons

Also see attached inventory

Mike: FYI

State of New Jersey
DEPARTMENT OF ENVIRONMENTAL PROTECTION
ROBERT E. HUGHEY, COMMISSIONER
CN 402
TRENTON, N.J. 08625
609-292-2885

IN THE MATTER OF MCKESSON ENVIROSYSTEMS COMPANY	: :	ADMINISTRATIVE CONSENT ORDER

This Administrative Consent Order is issued pursuant to the authority vested in the Commissioner of the New Jersey Department of Environmental Protection ("Department") and duly delegated to the Assistant Director for Enforcement of the Division of Waste Management pursuant to the Solid Waste Management Act, N.J.S.A. 13:1E-1 et seq., and the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq., the Director of the Division of Water Resources pursuant to the Water Pollution Control Act, N.J.S.A. 58:10A-1 et seq., and the Assistant Director for Enforcement of the Division of Environmental Quality pursuant to the Air Pollution Control Act, N.J.S.A. 26:2C-1 et seq.

FINDINGS

1. Prior to December 1, 1981, Inland Chemical Corporation ("Inland") of Fort Wayne, Indiana, owned and operated a hazardous waste treatment and storage facility at 600 Doremus Avenue (Block 5070, Lots 25 and 25A) in Newark, New Jersey ("Newark facility" or "facility"). From June 27, 1980 to March 31, 1981, Inland operated the Newark facility pursuant to a Temporary Operating Authorization ("TOA") issued by the Department. On March 31, 1981 the TOA for Inland's Newark facility expired. From April 1, 1981 to November 30, 1981, Inland operated the facility without a valid TOA.

2. On December 1, 1981, McKesson Envirosystems Company, a California corporation, of San Francisco, California ("McKesson"), acquired Inland including the hazardous waste treatment and storage facility in Newark, New Jersey. McKesson began operating the Newark facility on December 1, 1981 without obtaining the prior approval of the Department and has been operating the facility since December 1, 1981 without operating authorization from the Department.

3. Inland's operation of the Newark facility consistently failed to conform to the requirements contained in the TOA, e.g., (1) Inland failed to submit a waste monitoring and analysis plan; (2) The Emergency Contingency Plan was deficient in addressing fire and explosion emergencies; and (3) Inland failed to conduct required fire drills. The facility is in need of maintenance and operational design changes. In addition, materials accumulated from chronic spills and leaks need to be removed from the site and properly disposed. Samples collected from McKesson's monitoring wells indicate that the ground water beneath McKesson's site is contaminated by hazardous organic compounds. The Department alleges that these organic compounds are leaching into Newark Bay.

4. Inland failed to pay $1,750.00 in penalties in settlement of three (3) Notices of Prosecution issued on May 29, 1981, June 3, 1981 and June 4, 1981.

5(a). An inspection of the Newark facility on December 16, 1981 by the Bureau of Air Pollution Control revealed that McKesson failed to obtain a Permit to Construct, Install or Alter Control Apparatus or Equipment and a Certificate to Operate Control Apparatus or Equipment for a 20,000 gallon storage tank (WW1) in violation of N.J.A.C. 7:27-8.3(a) and (b). This resulted in the issuance of a Notice of Prosecution to McKesson in the amount of $200 on February 24, 1982.

(b). An inspection of the Newark facility on December 16, 1981 by the Bureau of Air Pollution Control revealed that McKesson was storing methanol in a stationary storage tank (#125) which had a capacity greater than 2,000 gallons and which was exposed to the rays of the sun without the external surface of the tank being painted and maintained white in violation of N.J.A.C. 7:27-16.2(a). This resulted in the issuance of a Notice of Prosecution to McKesson in the amount of $400 on February 24, 1982.

(c). McKesson has failed to submit to the Department a plan to achieve compliance for source operations relating to volatile organic substances in violation of N.J.A.C. 7:27-16.6(f)(1). A Notice of Prosecution in the amount of $200 was issued to McKesson for this violation on February 24, 1982.

(d). McKesson has paid $800 to the Department in full settlement of the violations noted in paragraphs 5(a), (b) and (c) above.

6. McKesson has requested that the operating authorization for the Newark facility be transferred from Inland to McKesson. Pending the final disposition of a permit application submitted by McKesson pursuant to N.J.A.C. 7:26-12.1 et seq., the Department has agreed to allow McKesson to operate the facility pursuant to the terms and conditions of this Order. Accordingly, the Department and McKesson enter into this Order for the purpose of specifying the actions required by McKesson to bring the Newark facility into compliance with applicable law and to allow McKesson to operate the facility pending the final disposition of McKesson's permit application.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED AND AGREED THAT:

7. McKesson shall pay a penalty of $25,000.00 forthwith in full settlement of all outstanding violations set forth hereinabove.

8. McKesson shall comply with all applicable provisions of N.J.A.C. 7:26-7.1 et seq. through 12.1 et seq.

September 8, 1982

9. Within thirty (30) days from the effective date of this Order, McKesson shall submit to the Bureau of Engineering Review and Permits (Hazardous Waste) ("the Bureau") a disclosure statement which meets the requirements of N.J.A.C. 7:26-12.2(g).

February 5, 1983

10. Within one hundred eighty (180) days from the effective date of this Order, McKesson shall submit to the Bureau a Part B application which meets the requirements of N.J.A.C. 7:26-12.2(e) and (f). If McKesson wishes to partially satisfy this requirement by relying on any of the material it previously submitted, it may do so provided that McKesson specifically makes reference to this material in such a fashion that the prior submission can be verified.

November 7, 1982

11. Within ninety (90) days from the effective date of this Order, McKesson shall submit to the Bureau detailed drawings showing:

(a) Layout of all above-ground tanks, buildings and related structures, dikes, borings, surface water control systems, and spill prevention and control systems. The revised tank drawing submitted to the Bureau on July 28, 1980 does not indicate the existence of seven (7) tanks. McKesson shall revise and update the tank drawing to reflect the existence of these tanks and the capacities of these tanks;

(b) All machinery and stationary equipment to be used, including type, number, capacity and layout location;

(c) Elevations and cross-sections of all subsurface tanks and pipings and of all fill-areas, lagoons, basins, drainage systems; ✓

(d) Profile views of all dikes, berms, drainage channels and other structures;

(e) Location of all safety equipment, identification of emergency exit and evacuation routes, location of emergency shut-off valves, and any other related information;

(f) Location of all container and vehicle cleaning and rinse areas designed to handle the maximum use expected from facility operation and to collect all contaminants and rinse and cleaning agents for treatment and disposal;

ok (g) Location of security and access control structures;

ok (h) Location of all air and water monitoring systems, including exact location, depth and construction details for groundwater monitoring wells and location of surface water sampling points; and

(i) Identification of all storm and sanitary sewer inlets on-site and other projected points of discharge, methods to be used to monitor such points and proof that any required discharge permits or approvals have been applied for or obtained pursuant to N.J.A.C. 7:14A-1 et seq.

September 8, 1982

12. Within thirty (30) days from the effective date of this Order, McKesson shall submit to the Bureau a waste analysis plan which meets the requirements of N.J.A.C. 7:26-9.4(b)2.

November 7, 1982

13. Within ninety (90) days from the effective date of this Order, McKesson shall submit to the Bureau, for its approval, an engineering plan for adequate diking and other safeguards including piping, pumps and valves at the following vehicle loading and unloading areas:

(a) The process area located south of and adjacent to the tank farm area D-5.

(b) The wastewater transfer area adjacent to and south of tank farm area D-4.

(c) The loading/unloading area adjacent to and west of tank farm area D-2.

(d) The loading/unloading area directly west of area D-1 and south of area D-2.

(e) The loading/unloading area south of tank farm D-6, situated between D-6 and the process building.

The engineering plan shall detail the methods and materials to be used for constructing the containment areas. The diking shall be of adequate capacity to contain the total volume of the largest vessel, plus ten (10) percent, that is expected to be loaded or unloaded in the area. The diking surfaces shall be impermeable to all materials expected to be loaded or unloaded in these areas. The engineering plan shall include the following:

(a) The methods that will be used for the collection, analysis and disposal of accumulated rainwater and any spilled materials.

(b) Engineering drawings of the containment areas showing the dimensions and capacities of the proposed dikes and the topographical contours of the dikes sufficient to allow a determination of the drainage patterns within the dikes.

Within one hundred eighty (180) days of receiving the Bureau's written approval of the engineering plan for the diking and other safeguards, McKesson shall construct new dikes or modify the existing dikes and install the safeguards.

February 5, 1983

14. Within one hundred eighty (180) days from the effective date of this Order, McKesson shall submit to the Bureau, for its approval, an engineering plan detailing operating parameters, engineering design schematics, and engineering design principles for rain water coolant collection systems and heat exchange systems. The plan shall include the following:

(a) A site plan of the facility delineating all areas where cooling water is collected and all areas where the water is stored.

(b) A description of each storage area detailing the capacity of each area, the materials used to surface each area, and topographic contours of each area showing the drainage patterns of the area.

(c) A description of the monitoring program in use at the site for analyzing the cooling water for chemical contaminants prior to entering the cooling tower and cooling water system. The description shall include the sampling schedule, the parameters analyzed for and the analytical methods used on-site to test for these parameters.

(d) A description of the contingencies developed for the redirection of cooling water during times of heavy precipitation and cooling tower overloads, and a description of the safeguards to be implemented in the event the cooling system fails or overloads.

15. By September 15, 1982, McKesson shall: (1) complete Phase I of the ground water decontamination program as outlined in the Preliminary Ground Water Decontamination Program prepared by Dames & Moore and dated January 11, 1982 and (2) submit a finalized ground water decontamination proposal to the Division of Water Resources ("DWR"). Within one hundred twenty (120) days of receiving DWR's written approval of the finalized ground water decontamination proposal, McKesson shall implement the program. McKesson shall operate the decontamination program until the levels of contamination are equal to or below the level of contamination in the existing upgradient monitoring well #1; or until McKesson's data shows, and DWR concurs, that continued operation of the system would not substantially further reduce the levels of contamination in samples of ground water taken from selected McKesson monitoring wells.

December 7, 1982

16. Within one hundred twenty (120) days from the effective date of this Order, McKesson shall submit to the Bureau of Prevention and Planning, for its approval, a Discharge Prevention, Containment and Countermeasure Plan and a Discharge Clean-Up and Removal Plan which meets the requirements of N.J.A.C. 7:1E-1.1 et seq.

17. McKesson shall remove all waste materials and sludges which have leaked or spilled at the site within the time periods indicated:

August 16, 1982

(a) Within seven (7) days from the effective date of this Order, McKesson shall remove from the site all drums containing waste and all sludges accumulated at or near all process and storage facilities and diked storage tank areas.

August 23, 1982

(b) Within fourteen (14) days from the effective date of this Order, McKesson shall remove from the site all spillage and sludge from the railroad cars on-site and sludges currently present in unused or unusable tanks.

McKesson shall dispose of these waste materials and sludges in accordance with all State and Federal hazardous waste regulations.

September 8, 1982

18. Within thirty (30) days from the effective date of this Order, McKesson shall submit to the Bureau, for its approval, a plan for testing the structural integrity of all 106 tanks on-site. The plan shall include a schedule for testing all the tanks and a completion date which shall be no later than ninety (90) days from receiving the Bureau's written approval of the plan. Acceptable methods of testing include hydrostatic testing or liquid pressure testing or systems of nondestructive shell thickness testing. Within thirty (30) days of completing the tests, McKesson shall submit to the Bureau a report showing all data obtained and the results of the testing. McKesson shall repair or decommission, clean and dismantle all tanks which are found to be structurally unsound. All accumulated sludges shall be disposed of in accordance with paragraph No. 17.

November 7, 1982

19. Within ninety (90) days from the effective date of this Order, McKesson shall submit to the Bureau, for its approval, an engineering plan for implementing secondary containment of all tanks, both stationary and mobile, including tank C-19 and all reactors and processing vessels used to recover and/or treat hazardous wastes. The plan shall include the following:

(a) Detailed drawings showing adequate capacity for containment of the largest volume tank included in the dike plus an additional 10% for collected precipitation, in the event of a primary containment failure.

(b) Specifications to ensure that all dike surfaces shall be impermeable to all materials stored in the tanks.

(c) The capacities of the existing dikes and the condition of the dikes, the capacities of all tanks within the dikes and the type of automatic overflow control devices to prevent accidental overfilling of these tanks.

(d) A description of the methods of collection of rainwater and spilled material. This description shall include a schedule for the analysis of collected spills, the parameters analyzed for and the analytical methods used on-site to test for these parameters.

(e) A description of the methods used to store, treat and/or dispose of all material including rainwater, collected from the diked areas.

Within one hundred eighty (180) days of receiving the Bureau's written approval of the plan for secondary containment of all tanks and all reactors and processing vessels used to recover and/or treat hazardous wastes, McKesson shall construct or upgrade the diking at all tank farm areas, install automatic overflow control devices on all tanks not so equipped, and implement the methods approved for the collection of rainwater and spilled materials.

August 23, 1982

20. Within fourteen (14) days from the effective date of this Order, McKesson shall submit to the Bureau a description of the methods currently available for sampling each on-site tank.

September 8, 1982

21. Within thirty (30) days from the effective date of this Order, McKesson shall submit to the Bureau, for its approval, a proposed plan for isolating the septic system and controlling the overflow from the system. Within one hundred eighty (180) days of receiving the Bureau's written approval of the plan, McKesson shall implement the plan, in strict compliance with all the requirements of the Department's approval thereof.

September 23, 1982

22. Within forty-five (45) days from the effective date of this Order, McKesson shall submit to the Bureau, for its approval, a plan for drum storage of all waste material generated on-site. The plan shall include the following:

(a) A detailed description of the process and handling procedures that will be utilized for the storage of waste materials pending shipment to a disposal facility.

(b) The identification of the constituents of each type of waste to be stored in drums, the normal and maximum rates of generation of each waste type, the anticipated normal and maximum duration of storage of each waste type and provisions for segregation of each waste type.

(c) A plot plan showing the location and dimensions of each storage area and the precise arrangement of the drums in storage.

(d) Provisions for spill containment and collection for each storage area.

September 23, 1982

23. Within forty-five (45) days from the effective date of this Order, McKesson shall amend the Contingency Plan for the facility to include fire and explosion response in accordance with N.J.A.C. 7:26-9.7.

November 7, 1982

24(a). Within ninety (90) days from the effective date of this Order, McKesson shall submit to the Bureau of Air Pollution Control, New Source Review Section, an application for a Permit to Construct, Install or Alter Control Apparatus or Equipment and a Certificate to Operate Control Apparatus or Equipment for the 20,000 gallon storage tank (WW1).

October 8, 1982

(b). Within sixty (60) days from the effective date of this Order, McKesson shall paint the external surface of storage tank #125 white.

October 8, 1982

(c). Within sixty (60) days from the effective date of this Order, McKesson shall submit to the Bureau of Air Pollution Control, for its approval, a detailed volatile organic substances (VOS) plan describing the measures which will be implemented to achieve compliance with N.J.A.C. 7:27-16.6(f)(1). Within ninety (90) days from receiving the Bureau's written approval of the VOS plan, McKesson shall implement the plan.

August 15, 1982

25. Within ten (10) days from the effective date of this Order, McKesson shall submit to the Bureau a performance bond from a reputable insurance company licensed to do business in the State of New Jersey in the amount of $250,000 to insure compliance with the terms and conditions of this

Order. The Department agrees that, with respect to the performance bond: (a) it will not assert its right to claim a default and demand payment prior to furnishing McKesson with thirty (30) days' advance written notice of its intention to do so; and (b) any amounts paid to the Department from the performance bond shall be expended by the Department solely for the express purpose of curing each breach or default of McKesson under this Order.

26. All engineering designs, reports, plans and other technical engineering documents shall be signed and sealed by a licensed professional engineer registered in New Jersey. If the Department disapproves of any of the plans required to be submitted by this Order or makes recommendations for modifications, McKesson shall have thirty (30) days to submit a revised plan to the Department.

27. The Department will respond to any plans or drawings submitted by McKesson pursuant to this Order within forty-five (45) days of their receipt by the Department.

28. McKesson's authority to operate the facility pursuant to the terms and conditions of this Order shall terminate upon (1) the final disposition of a permit application submitted pursuant to N.J.A.C. 7:26-12.1 et seq. or (2) a determination by the Department that McKesson has committed a material and substantial breach of any substantive requirement set forth in paragraphs 7 through 27 inclusive, which breach McKesson fails to cure to the satisfaction of the Department within ten (10) days following receipt of written notice from the Department.

29. The provisions of this Order shall be binding upon McKesson, it successors, assigns and any trustee in bankruptcy.

30. The effective date of this Order shall be the date on which McKesson receives written notice that the Department has executed the Order.

NATURE OF ORDER

The Department and McKesson have entered into this Administrative Consent Order as a compromise and in good faith to settle the differences between them, avoid costly litigation, and bring the Newark facility into compliance with applicable law. McKesson has executed this Order without trial or adjudication of any issue of fact or law. Accordingly, McKesson neither admits nor denies any of the allegations made by the Department; and neither McKesson's execution of the Order, nor its compliance with any of the provisions herein, shall be deemed or construed to be an admission of wrongdoing or liability at any time or for any purpose other than McKesson's liability to comply with the terms and conditions of this Order.

FORCE MAJEURE

If any event occurs which purportedly causes or may cause delays in the achievement of any provision of this ADMINISTRATIVE CONSENT ORDER, McKesson shall notify the Department in writing within ten (10) business days of the delay or anticipated delay, as appropriate, describing the anticipated length, precise cause or causes, measures taken or to be taken and the time required to minimize the delay. McKesson shall adopt all reasonably necessary measures to prevent or minimize delay. Failure by McKesson to comply with the notice requirements of this paragraph shall render this Force Majeure provision void and of no effect as to the particular incident involved.

If the delay or anticipated delay has been or will be caused by fire, flood, riot, strike or other circumstances alleged to be beyond the control of McKesson, then the time for performance hereunder shall be extended for a period of no longer than the delay resulting from such circumstances. However, if the events causing such delay are not found to be beyond the control of McKesson, failure to comply with the provisions of this ADMINISTRATIVE CONSENT ORDER shall not be excused as herein provided and shall constitute a breach of the ORDER'S requirements. The burden of proving that any delay is caused by circumstances beyond McKesson's control and the length of such delay attributable to those circumstances shall rest with McKesson. Increases in the costs or expenses incurred in fulfilling the requirement contained herein shall not be a basis for an extension of time; similarly, delay in an interim requirement shall not justify or excuse delay in the attainment of subsequent requirements.

RESERVATION OF RIGHTS

This ADMINISTRATIVE CONSENT ORDER shall be fully enforceable in the New Jersey Superior Court having jurisdiction over the subject matter and signatory parties; it shall also constitute an Administrative Order issued pursuant to the Solid Waste Management Act, N.J.S.A. 13:1E-1 *et seq.*, the Water Pollution Control Act, N.J.S.A. 58:10A-1 *et seq.*, the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 *et seq.*, and the Air Pollution Control Act, N.J.S.A. 26:2C-1 *et seq.*, and shall not preclude the Department from taking whatever action it deems appropriate to enforce the solid waste management laws or the air and water pollution control laws of the State of New Jersey in any manner not inconsistent with the terms of this ADMINISTRATIVE CONSENT ORDER; and shall not prohibit, prevent or otherwise preclude the Department from seeking the remedies available to it by law for the operation of a hazardous waste treatment and storage facility without authorization, upon a determination by the Department that McKesson has failed to comply with any requirement of this ADMINISTRATIVE CONSENT ORDER.

Upon the satisfaction of this ADMINISTRATIVE CONSENT ORDER, the Department waives its right to seek the remedies available to it by law for the unauthorized operation of a hazardous waste facility except in accordance with the conditions set forth hereinabove; and McKesson hereby waives its right to a hearing on this ADMINISTRATIVE CONSENT ORDER as provided hereinabove.

8/6/82
DATE:

Keith A. Onsdorff
Keith A. Onsdorff, Assistant Director
Division of Waste Management

8/6/82
DATE:

Arnold Schiffman, Director
Division of Water Resources

8/6/82
DATE:

Thomas A Pluta
Thomas A. Pluta, Assistant Director
Division of Environmental Quality

7/30/82
DATE:

MCKESSON ENVIROSYSTEMS COMPANY

Name

President
Title

Law Department

Foremost-McKesson, Inc.
One Post Street
San Francisco, CA 94104
415 983 8319

Ivan D. Meyerson
Assistant General Counsel

FOREMOST
McKESSON

[illegible]; next step?

NJD002153922

October 20, 1982

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

Dr. Ernest Regna
Regional Administrator
U.S. Environmental Protection Agency
Region II
26 Federal Plaza
New York, N.Y. 10007

Re: McKesson Envirosystems Co.
Doremus Avenue Facility - Newark, New Jersey

Dear Dr. Regna:

Enclosed please find the report required by the Federal regulations concerning the explosion and fire which occurred at the above-referenced facility on Sunday, October 10, 1982.

Please call me if there are questions.

Very truly yours,

Ivan D. Meyerson
Assistant General Counsel

IDM/smc

Encl.

cc: B. Blocker
D. Bain
G. Butter
J. Berger

Incident at the Newark Facility of McKesson Envirosystems Co. located at 600 Doremus Avenue, Newark, New Jersey

On Sunday, October 10, 1982, at approximately 5:45 a.m. a (15 psi) rupture disc spewed vapors and product out of the reboiler of unit T-1, followed quickly by a low order explosion rupturing the reboiler in the unit and propelling the still and other auxiliaries of the unit around the plant. The reboiler is part of a vacuum distillation unit equipped with a recirculating pump, an external calandria, a 25 tray column, condensor, and a vacuum generating system.

With the violent rupture of the reboiler, a shock wave was propagated which impacted the office building, lab office and change room, (old) boiler room, building 2 and building 7 (please see print attached). This shock wave and/or debris also ruptured storage tanks in D5 and D6 areas with resulting fires in some tanks within those areas.

Operators Ted Tyburczy and shift chemist Fred Virrazzi were both attempting to safely exit the area when the shock wave reached them. Both were injured and hospitalized; the former has been released, the latter is now out of danger. The third employee, operator William Sykes, was trapped in the rubble for some time. At the present time he is improving but remains on the critical list.

The T-1 unit was recovering dimethyl sulfoxide (which had been processed many times in the plant) when the explosion occurred. The chemical is considered a "stable" entity. Processing conditions included a liquid temperature of less than 135^{o}c with vacuum of 25 inches. Energy was supplied by 120 psi steam to the calandria. Processing was at the stage where the reboiler contents were essentially anhydrous in preparation for distilling the product overhead. At the time of the incident the vacuum had decreased and a slight pressure 10-12 psi was showing. The liquid temperature was 135-136°c.

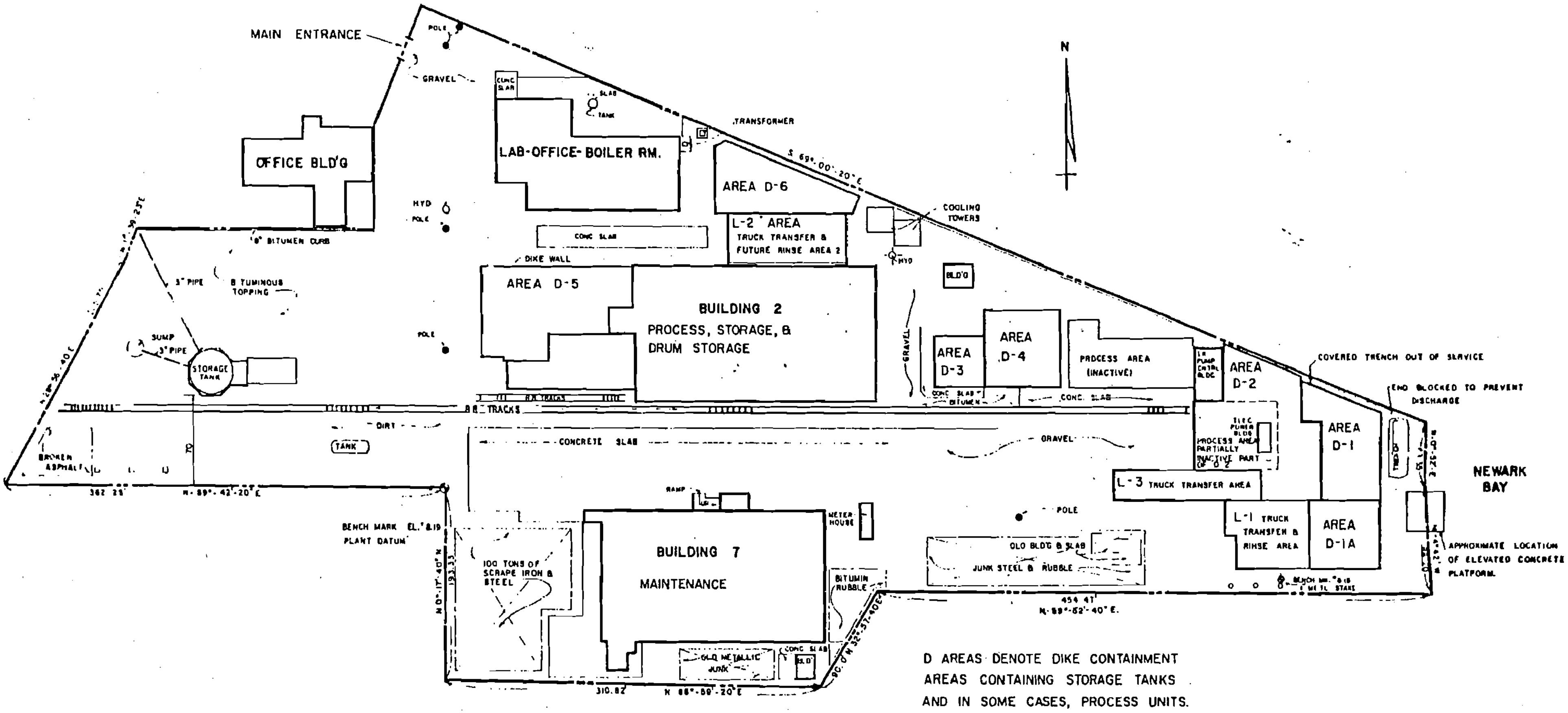
During the explosions and fire the vapors of these products could have been released or been combusted: di-methylsulfoxide, methanol, acetone, toluene, xylene, methylene chloride, dimethylaniline phyenoxyacitic acid, carbon tetrachloride, chloroform, dimethyl formanide and diesel fuel.

As soon as the resulting fires were under control, outside spill control firms were called in to help prevent release to the Passaic River and Newark Bay. Samples of Bay water taken early Sunday morning were shown to have very low levels of contaminants. No releases occurred to the Passaic Valley sewage system. Who took samples? How determined?

Within hours on Sunday, and continuing through the week which followed, all affected areas were cleaned of standing liquids, including a low ponding area at the west end of the plant site. The liquids from these pumpings were hauled to permitted hazardous waste disposal firms.

Where buildings are considered unsafe by inspectors, the areas have been roped off. Any and all activities related to clean up, inspection and preparations for dismantling are conducted under supervision with personnel fully protected with safety gear. Leaking tanks have been pumped out and will be decontaminated. Repaired?

All records and incoming material samples at the facility were destroyed and/or burned in the explosions and fire. Based upon our preliminary findings, we do not believe plant practices were violated, nor can we pinpoint human error. As our investigation continues, we plan to inspect all remaining pieces of the T unit. We have also recovered several "in-process" samples of material, and we plan to have those subjected to sophisticated laboratory analyses at our nationally-recognized Dublin Research Center in the next several days.



D AREAS DENOTE DIKE CONTAINMENT
AREAS CONTAINING STORAGE TANKS
AND IN SOME CASES, PROCESS UNITS.

LEROY E SULLIVAN III, PE
PROFESSIONAL ENGINEER · NEW JERSEY LIC #22082
DATE

THE SULLIVAN ENGINEERING GROUP INC.
STAGE COACH ROAD
CLARKSBURG, NJ

PROJECT
MCKESSON ENVIROSYSTEMS COMPANY
600 DOREMUS AVE, NEWARK, NJ
ENVIRONMENTAL COMPLIANCE

DRAWING
OVERALL SITE LOCATION
PLAN

DWG NO
1001

Scale 1" = 40'
Date 7-14-82
Revision
Drawn by AH
Checked by LES
Job No. MKE-OT

81

Foremost-McKesson
Chemical Group
McKesson Envirosystems Co
127 West Berry Street
200 Commerce Building
Fort Wayne, IN 46802
219 424 1940

McKESSON ENVIROSYSTEMS

October 28, 1982

CERTIFIED MAIL
Return Receipt Requested

Mr. Ron Testa, Chief
Permits Administration Board
Region II, Federal EPA
26 Federal Plaza
Room 907
New York, NY 10278

RE: NJD 002 153 922

Dear Mr. Testa:

Per our recent telephone conversation, enclosed is a copy of the report submitted to Dr. Regna containing the information we have accumulated to date about the October 10 incident at our Newark, New Jersey plant.

Sincerely,

John R. Berger/gv

John R. Berger, Manager
Environmental & Engineering

gv
Enclosures w/o enclosures
04/22/99 - KOM

cc G.N. Butter
I. Meyerson
W.D. Gabbard

State of New Jersey

Department of Environmental Protection

DONALD T. DIFRANCESCO
Acting Governor

Robert C. Shinn, Jr.
Commissioner

Bureau of Underground Storage Tanks
P.O. Box 433
401 East State Street
Trenton, NJ 08625
Fax: (609) 633-1454

RECEIVED
MAY 1 2001

Mr. John Bohannon
Darling International, Inc.
825 Wilson Avenue
Newark, NJ 07105

Re: Remedial Investigation Report Dated: January 25, 2001
Darling International, Inc.
825 Wilson Avenue
Newark, Essex County
Case # 94-03-29-1525
UST # 0200864
Closure #'s C91-4385, C93-5955
Well Permit #'s 26-38709, 26-38710, 26-38711, and 26-38712

Dear Mr. Bohannon,

This correspondence contains a summary of the latest site conditions and work completed to date as included in the Remedial Investigation Report dated January 25, 2001 and details remaining remedial requirements to ensure compliance with the UST Law and the Technical Regulations. Compliance with these requirements should allow the site to proceed to the completion of corrective action and eventual case closure.

Soil borings D1 through D4

On October 16, 2000, four soil borings (D1 through D4) were completed within fifteen feet of MW-3 to determine whether an ongoing soil source is present within this area. Four increments (A through D) were obtained from each boring location. These increments represent sample depths of 0 to 2 feet (A), 2 to 4 feet (B), 4 to 6 feet (C), and 6 to 8 feet (D) below grade. Static water elevation in MW-3 is 1.73 feet below grade. Soil samples D1A-D through D4A-D were collected and analyzed for volatile organic compounds plus a forward library search of ten peaks (VO+10). Chloroform was detected in D2B (3.4 ppm), D2C (2.3 ppm), D3C (3.5 ppm), and D4D (5,900 ppm) above the Department's Impact to Ground Water Soil Cleanup Criteria (IGWSCC) of 1 ppm and D4D is also above the Department's Residential and Non-Residential Direct Contact Soil Cleanup Criteria (RDCSCC and NRDCSCC) of 19 ppm and 28 ppm, respectively. Methylene chloride was detected above IGWSCC of 1 ppm in D3C (2.2 ppm) and D4D (1,000 ppm) was detected above the Department's IGWSCC, RDCSCC and NRDCSCC. In addition, tetrachloroethene (1,100 ppm), ethylbenzene (8,800 ppm) and total xylenes (37,000 ppm) were detected above the Department's IGWSCC, RDCSCC and NRDCSCC in soil sample D4D. Darling proposes to collect three delineation samples north of sample D4 at the 6 to 8 foot increment, below grade. Given the high concentrations of chloroform, methylene chloride and tetrachloroethene Darling shall consider this "Hot Spot" in soils as a potential source area and include these constituents within the delineation and remediation efforts for this property. Darling shall analyze the additional samples for VO+10 and remediate this area, as appropriate. As discussed with Mr. Bill Schnitzerling, Project Manager for IT Corporation, chloroform, methylene chloride, tetrachloroethene, ethylbenzene, and total xylenes shall be included in this investigation. Vertical sampling shall also be conducted below D4D for complete delineation. As presented in the Department's previous correspondence dated April 22, 1998 and March 31, 1999 contamination, including chlorinated compounds detected in soils, above the static ground water table, shall be fully delineated, both horizontally and vertically in accordance with N.J.A.C. 7:26E-4. Darling is encouraged to discuss this issue further with the Department.

Soil samples SB1A-D, SB2A-D and SB4A-D

Also on October 16, 2000 soil samples SB1A-D, SB2A-D, and SB4A-D were collected and analyzed for total petroleum hydrocarbons (TPHC) and for VO+10 in an effort to determine whether TPHC concentrations in former sample locations SB-1, SB-2, and SB-4/4A are still observed over the Department's Total Organic Cap of 10,000 ppm. These samples are located west and north of the former excavation surrounding the former 12,000-gallon diesel underground storage tank. Four increments (A through D) were obtained from each boring location. These increments represent sample depths of 0 to 2 feet (A), 2 to 4 feet (B), 4 to 6 feet (C), and 6 to 8 feet (D) below grade. The static ground water elevation within this area is approximately 1.5 feet below grade. TPHC concentrations over 10,000 ppm were detected in SB4A (21,600 ppm) and SB4B (12,400 ppm). Methylene chloride (1.8 ppm) and trichloroethene (1.1 ppm), tetrachloroethene (1.1 ppm) were detected over the Department's IGWSCC in SB2A. Chloroform (1.9 ppm) was detected over IGWSCC in SB4A. Cis-1,2-dichloroethene was detected in SB4B (12 ppm) and SB4D (2.6 ppm) over IGWSCC. Benzene was detected in SB4D (1.4 ppm) over IGWSCC. Since the additional sampling confirmed contamination within these areas Darling shall delineate the horizontal and vertical extent of contamination previously detected in all samples not previously remediated. Sampling shall begin at the location where contamination was previously detected and continue out in all directions, including vertically, until the complete horizontal and vertical extent of contamination to the applicable unrestricted use remediation standard is defined. Additional information on requirements for contaminant delineation may be found in N.J.A.C. 7:26E-4.1(b).

Field screening may be utilized to bias sample locations to areas of greatest suspected contamination, but pursuant to N.J.A.C. 7:26E-2.1(b), may not be utilized to verify clean zones. The Department's most recent general guidance on soil contaminant cleanup criteria (May 12, 1999 version) may also be utilized to evaluate when delineation is complete. If contamination is to be remediated during this phase of the investigation, Darling shall conduct the appropriate post-remedial sampling to confirm the effectiveness of the remedial effort, pursuant to N.J.A.C. 7:26E-6.4.

Soil samples D5, D6, D7 and D8

On October 16, 2000, soil samples were collected along the property perimeter to determine whether contamination exists and to define lead concentrations related to historic fill. Soil samples D5 through D8 were collected along the property's perimeter (northern, eastern, southern, and western property lines) as part of the requirements to establish contamination is related to historic fill. These samples were collected at two feet below grade and analyzed for lead. The results reveal that lead was confirmed in D5 (6,140 ppm), D6 (3,190 ppm), and D7 (816 ppm) above the Department's RDCSCC of 400 ppm and NRDCSCC of 600 ppm.

Outstanding Soils Issues

A data gap exists between the Department's March 31, 1999 comment letter and the July 6, 2000 comment letter. A few select requirements were not addressed by Darling as specified in the Department's March 31, 1999 correspondence. Specifically, as specified in the March 1999, letter the following soil sample locations have been identified as currently above one or all of the Department's Soil Cleanup Criteria: the Department's Impact to Ground Water Soil Cleanup Criteria (IGWSCC), Residential (RDCSCC) and/or Non-Residential Direct Contact Soil Cleanup Criteria (NRDCSCC):

- On March 29, 1994, following tank and soil excavation activities post-excavation sample GTPX-3 contained benzene (18 ppm) exceeding all soil cleanup criteria, ethylbenzene (160 ppm) exceeding IGWSCC, tetrachloroethene (4 ppm) exceeding IGWSCC, and total xylenes (500 ppm) exceeding the IGWSCC and RDCSCC; and sample GTPX-4 contained benzene (2.1 ppm), chloroform (15 ppm), trichloroethane (2.6 ppm) and total xylenes (22 ppm) exceeding the IGWSCC, and tetrachloroethene (14 ppm) exceeding all soil cleanup criteria.

- On November 29, 1994, a portion of the diesel piping run was re-excavated and TPHC was detected in the following post-excavation soil samples: DPPX-3 (12,000 ppm), DPPX-4 (47,000 ppm), and DPPX-5 (52,000 ppm).

Review of the historic soil and ground water investigations indicate that contaminated soils continue to impact the surrounding ground water. Therefore, Darling shall either:

1. Remediate the contaminated soils to the most restrictive cleanup criteria and conduct post-remedial sampling

pursuant to N.J.A.C. 7:26E-6.4. Post-remedial soil samples shall be analyzed for total TPHC and for volatile organics calibrated for xylenes, with a library search (VO+10). Be advised, pursuant to N.J.A.C. 7:26E-2.1(a)4, soil samples to be analyzed for volatile organics shall be sampled using a methanol extraction/preservation method acceptable to the Department. Please refer to the "New Jersey Department of Environmental Protection Methodology for the Field Extraction/Preservation of Soil Samples with Methanol for Volatile Organic Compounds" which is available through the Office of Maps and Publications (609-777-1038) or through the Site Remediation Program Home Page (www.state.nj.us/dep/srp/regs/regs.htm). Appendix A of the June 1996 "Guidance Document for the Remediation of Contaminated Soils" (see the "Cleanup Criteria" section below) may be referenced when evaluating the post-remedial sampling results;

or

2. Fully delineate the horizontal and vertical extent of the soil contamination in accordance with N.J.A.C. 7:26E-4. Please note that it may be necessary to collect soil samples in the saturated zone if the ground water elevation has increased since the previous samples were collected or if any component of the product contained in the UST can be considered a Dense Non-Aqueous Phase Liquid (DNAPL). Based upon the results of delineation sampling, Darling shall submit a proposal for either further remedial action or an alternative residential/nonresidential use soil remediation standard. Please be advised that proposals to leave contamination in place above the Direct Contact Cleanup Criteria or total organic cap may require appropriate engineering and/or institutional controls pursuant to N.J.S.A. 58:10B-13 (et seq.). Please be advised soils continuing to impact ground water cannot be addressed via a Declaration of Environmental Restriction due to the continuing ground water impact.

As discussed during a March 31, 1999 telephone conversation with Mr. Bill Schnitzerling, Project Manger for International Technology Corporation, since the "clean zone" is defined by former sample locations MW-1, MW-4, SB-6, SB-9, SB-3, MW-3, and SB-1, representing a broad band around the identified "hot spots" Darling may elect to collect soil samples within this zone to reduce the quantity of soils to be removed within this area. Darling is encouraged to review the Department's March 31, 1999 correspondence for additional details.

Chlorinated Compound Issue

As you are aware the Department has previously reviewed the Preliminary Assessment (PA) submission on behalf of Darling. The information provided supports the claim that no source areas, related to chlorinated compounds, have been identified during the occupation by Darling. However, given that chlorinated compounds have been detected in on-site soils Darling shall review Sanborne Fire Insurance Maps, aerial photographs, etc. to support/reject the previously presented information. On March 30, 2001, I discussed the details of the adjacent McKesson property with Mark Walters, Case Manager for Bureau of Case Management. Sampling has been conducted on both the McKesson and Darling properties on behalf of the McKesson site and a report will be submitted around June 30, 2001. Darling is encouraged to review historical and pending soil and ground water data conducted at both sites to determine potential future actions for the Darling property. Darling should review the McKesson files and other sources (including Sanborne Fire Insurance Maps, aerial photographs, etc.) to more precisely determine the presence/absence of activities or storage of chlorinated related compounds, on the subject property, during previous ownership (i.e., Kolker Chemical Company, Vulcan Materials Company, Inland Chemical Company). As previously required the purpose of the PA is to determine whether current or historical use of the property may have contributed to contamination and if, so a Site Investigation may be required. While Darling may not have contributed to the chlorinated compounds present on-site and are defined as an innocent purchaser, as the current owner of the property, Darling remains a responsible party by being the current property owner. While Darling is still responsible for the observed contamination Darling may be eligible for an innocent party grant, for 50% of the total costs up to $1 million, under the Hazardous Discharge Site Remediation Fund, associated with the chlorinated solvent contamination (see enclosure).

Ground Water

On March 2, 2000 ground water samples were collected from monitoring wells MW-2 through MW-6 and analyzed for benzene, toluene, ethylbenzene and total xylenes (BTEX) and lead. In addition, these samples were analyzed for biological oxygen demand (BOD), chemical oxygen demand (COD), hetertrophic plate count, dissolved iron, total iron, manganese, nitrate, nitrite, sulfide, sulfate, and pH. MW-1 was not sampled as access to this well was blocked by debris from the neighboring property. MW-1 was not sampled during the September sampling event for the same reason. According to the report Darling is currently negotiating with the adjacent property owners for removal of the subject debris. Ground water elevations generally ranged from 1.24 to 3.04 feet below grade and flow direction was identified as southwest. This flow direction has shifted slightly from previous gauging events (south). MW-2 contained benzene (8.7 ppb) and lead (180 ppb) above the Department's Ground Water Quality Standard (GWQS). MW-3 contained benzene (17 ppb), ethylbenzene (850 ppb), total xylenes (5,700 ppb) and lead (157 ppb). MW-4 contained lead (119 ppb). MW-5 contained lead (193 ppb). MW-6 contained benzene (290 ppb), toluene (1,600 ppb), and lead (314 ppb). Review of the natural attenuation/biodegradation indicator parameters reveals that natural attenuation is present and dissolved oxygen concentrations in MW-3 appear to be the limiting factor for enhanced biodegradation.

On September 20, 2000 ground water samples were collected from monitoring wells MW-2, MW-3, and MW-5. MW-2 contained benzene (31 ppb). MW-3 contained benzene (19 ppb), ethylbenzene (830 ppb), and total xylenes (5,800 ppb).

On April 18, 2001 ground water samples were collected from monitoring wells MW-3, MW-4, MW-5 and MW-6 and analyzed for BTEX constituents, only. Monitoring wells MW-1 and MW-2 could not be accessed due to debris piles and were therefore not sampled. MW-3 contained benzene (11 ppb), toluene (2,300 ppb), and total xylenes (3,300 ppb). Benzene was also detected in MW-4 (1.4 ppb) and upgradient well MW-6 (170 ppb).

As presented in the Department's previous correspondence a true decreasing trend has not been observed with the existing monitoring well network, specifically around the former tank area. Since soil contamination has been identified within this area of concern, Darling shall remediate the soil source and continue biannual ground water sampling. Darling shall also consider the use of a low impact remedial technology (i.e., Oxygen Release Compound, Hydrogen Release Compound, etc.) to treat the remaining ground water contamination. Darling is encouraged to contact the Department to discuss this remedial strategy. Upon completion of remedial actions Darling shall ensure that <u>all</u> monitoring wells are accessible for sampling. Upon receipt of this letter shall initiate action and ensure access to these wells prior to the next required sampling event. Darling shall collect ground water samples from monitoring wells MW-1 through MW-6 and analyze for volatile organic compounds, methyl tertiary butyl ether (MTBE) and tertiary butyl alcohol (TBA) using EPA Method 624 calibrated for xylenes, with a library search (VO+10).

Classification Exception Area (CEA)

A Classification Exception Area (CEA) pursuant to the Ground Water Quality Standards (N.J.A.C. 7:9-6. <u>et seq</u>.) applies to all site remediation cases involving ground water contamination above applicable criteria. A designated CEA shall also act as a Well Restriction Area pursuant to N.J.A.C. 7:9-6.6(d). **Darling shall include the compounds associated with the underground storage tanks and given the source areas identified on the referenced site Darling shall include all chlorinated compounds and tentatively identified compounds.**

As a result of the ground water contamination at this site, a CEA shall be established upon completion of this additional sampling event. Please refer to the Department's November 1998 CEA guidance document for details. A CEA proposal shall made that includes the following information:

- latitude and longitude (with an accuracy to 1/10 of a second) and lot and blocks of impacted properties;
- list of affected aquifers;
- list of contaminants of concern;
- estimated longevity of the CEA based upon the most mobile and persistent compounds;
- mapped boundaries of the CEA on a USGS 7.5-minute quadrangle map;
- mapped boundaries of the CEA on a scaled site map that depicts the nearest cross street;
- <u>FOR GROUND WATER USE AREAS</u>: Impacted property owners and local officials (mayor, planning board and health department) must be notified by certified mail. The notice shall inform them of the CEA and ground water use restriction (discuss with case manager before defining) prior to submittal of the proposed RAW or NFA and solicit comments to be submitted to the Department's case manager. The Department suggests that contact be made with your case manager to discuss the boundaries of the CEA prior to public notification.

Ground Water Use Areas shall be defined as those locations with current or future ground water use (potable, industrial, agricultural, etc.). Current ground water use shall be based on the Department's Bureau of Water Allocation files, consulting the New Jersey Water Supply Master Plan (copies available in the Office of Environmental Planning), contacting the local or regional water purveyor, and, as necessary, conducting a door-to-door canvass. Future ground water use (over a 25-year planning horizon) can be determined from local or regional water purveyors, local or county planning boards and boards of health and the New

Jersey Water Supply Master Plan.

The additional soils and ground water investigation shall be conducted and presented within a Remedial Investigation Report/Remedial Action Workplan on or before **March 30, 2002**. If you require copies of Departmental Guidance Documents or applications, many of these documents are available on the Internet at WWW.STATE.NJ.US/DEP/SRP. If you should have any questions regarding this matter, please contact me at (609) 984-7844.

Sincerely,

Gerald M. Hahn, Case Manager
Bureau of Underground Storage Tanks

enclosure: Hazardous Discharge Site Remediation Fund

c: Marsha McGowan, Health Officer, Newark Division of Health, w/o enclosure
Dr. Michael Festa, Health Officer, Essex County Health Department, w/o enclosure
Gerald M. Hahn, Case Manager, BUST/NJDEP, w/o enclosure
✓Mark Walters, Case Manager, BSCM/NJDEP, w/o enclosure
Bill Schnitzerling, Project Manager, International Technology Corporation, w enclosure

State of New Jersey

Christine Todd Whitman
Governor

Department of Environmental Protection
Bureau of Underground Storage Tanks
P.O. Box 433
401 East State Street
Trenton, NJ 08625
Fax: (609) 633-1454

Robert C. Shinn, Jr.
Commissioner

Mr. John Bohannon
Darling International, Inc.
825 Wilson Avenue
Newark, NJ 07105

MAR 31 1999

Re: Remedial Investigation /Preliminary Assessment Report Dated: November 30, 1998
Supplemental Information Dated December 18, 1998, February 19 and 25, 1999
Darling International Inc.
825 Wilson Avenue
Newark, Essex County
Case # 94-03-29-1525
UST # 0200864
Closure #'s C91-4385, C93-5955
Well Permit #'s 26-38709, 26-38710, 26-38711, 26-38712

Dear Mr. Bohannon,

On December 2, 1998 December 18, 1998 and February 19 and 25, 1999, the New Jersey Department of Environmental Protection (Department) received the above referenced documents. This correspondence contains a summary of the latest site conditions and work completed to date as included in the Site Investigation Report/Remedial Investigation Reports dated November 30, 1998, December 18, 1998, and February 19 and 25, 1999 and details remaining requirements to ensure compliance with the UST Law and Technical Regulations. Compliance with these requirements should allow the site to proceed to the completion of corrective action and eventual case closure.

I. Soils

From March 29, 1994 to October 13, 1997, approximately seven separate soil investigations were conducted in and around the former pump island areas. Through an extensive review process with Mr. Bill Schnitzerling, Project Manager for IT Corporation soil related areas of concern remain around the former 12,000-gallon diesel and 4,000 gallon gasoline underground storage tanks (USTs). The following soil sample locations have been identified as currently above one or all of the Department's Soil Cleanup Criteria: the Department's Impact to Ground Water Soil Cleanup Criteria (IGWSCC), Residential (RDCSCC) and/or Non-Residential Direct Contact Soil Cleanup Criteria (NRDCSCC):

- On March 29, 1994, following tank and soil excavation activities post-excavation sample GTPX-3 contained benzene (18 ppm) exceeding all soil cleanup criteria, ethylbenzene (160 ppm) exceeding IGWSCC, tetrachloroethene (4 ppm) exceeding IGWSCC, and total xylenes (500 ppm) exceeding the IGWSCC and RDCSCC; and sample GTPX-4 contained benzene (2.1 ppm), chloroform (15 ppm), trichloroethane (2.6 ppm) and total xylenes (22 ppm) exceeding the IGWSCC, and tetrachloroethene (14 ppm) exceeding all soil cleanup criteria.
- On November 21 and 22 1994, during a soil delineation and monitoring well installation event total petroleum hydrocarbons (TPHC) were detected above the Department's total organic cap of 10,000 ppm in MW-2 (14,000 ppm) and SB-2 (160,000 ppm). In addition, TPHC was detected in SB-1 (64,000 ppm) but was later

resampled on two separate occasions as provided below. Benzene (8.7 ppm) was detected in SB-2 above the Department's RDCSCC and IGWSCC.

- On November 29, 1994, a portion of the diesel piping run was re-excavated and TPHC was detected in the following post-excavation soil samples: DPPX-3 (12,000 ppm), DPPX-4 (47,000 ppm), and DPPX-5 (52,000 ppm).
- On February 19, 1996, SB-4A was collected in the area of previously collected sample SB-1 and analyzed for TPHC. SB-4A had a TPHC concentration of 10,300 ppm. Consequently, on October 13, 1997 a third sample was collected at 5.0 to 5.5 feet below grade in this area and revealed a TPHC concentration of 39,700 ppm.

For clarification, other samples have been identified above the Department's most stringent soil cleanup criteria but have been remediated in subsequent soil remediation events and have therefore not been included in this delineation effort.

Review of the historic soil and ground water investigations indicate that contaminated soils continue to impact the surrounding ground water. Therefore, Darling shall either:

1. Remediate the contaminated soils to the most restrictive cleanup criteria and conduct post-remedial sampling pursuant to N.J.A.C. 7:26E-6.4. Post-remedial soil samples shall be analyzed for total TPHC and for volatile organics calibrated for xylenes, with a library search (VO+10). Be advised, pursuant to N.J.A.C. 7:26E-2.1(a)4, soil samples to be analyzed for volatile organics shall be sampled using a methanol extraction/preservation method acceptable to the Department. Please refer to the "New Jersey Department of Environmental Protection Methodology for the Field Extraction/Preservation of Soil Samples with Methanol for Volatile Organic Compounds" which is available through the Office of Maps and Publications (609-777-1038) or through the Site Remediation Program Home Page (www.state.nj.us/dep/srp/regs/regs.htm). Appendix A of the June 1996 "Guidance Document for the Remediation of Contaminated Soils" (see the "Cleanup Criteria" section below) may be referenced when evaluating the post-remedial sampling results;

or

2. Fully delineate the horizontal and vertical extent of the soil contamination in accordance with N.J.A.C. 7:26E-4. Please note that it may be necessary to collect soil samples in the saturated zone if the ground water elevation has increased since the previous samples were collected or if any component of the product contained in the UST can be considered a Dense Non-Aqueous Phase Liquid (DNAPL). Based upon the results of delineation sampling, Darling shall submit a proposal for either further remedial action or an alternative residential/nonresidential use soil remediation standard. Please be advised that proposals to leave contamination in place above the Direct Contact Cleanup Criteria or total organic cap may require appropriate engineering and/or institutional controls pursuant to N.J.S.A. 58:10B-13 (et seq.). Please be advised, soils continuing to impact ground water cannot be addressed via a Declaration of Environmental Restriction due to the continuing ground water impact.

As discussed during a March 31, 1999 telephone conversation with Mr. Bill Schnitzerling, Project Manger for International Technology Corporation, since the "clean zone" is defined by former sample locations MW-1, MW-4, SB-6, SB-9, SB-3, MW-3, and SB-1, representing a broad band around the identified "hot spots" Darling may elect to collect soil samples within this zone to reduce the quantity of soils to be removed within this area.

As previously presented in the Department's August 1, 1996 and September 25, 1996 comment letters lead has been identified above the Department's Soil Cleanup Criteria and Ground Water Quality Standards (GWQS). The November 30, 1998 Preliminary Assessment identified Balback Smelting and Refining Co., which operated the site from 1850 to 1938. This former facility was used for the refinement of lead and extraction of gold and silver. Since lead has been identified in on-site soils above the RDCSCC and NRDCSCC Darling may choose to institute a Declaration of Environmental Restriction via a Deed Notice on the entire site. Darling may choose to utilize the low flow-low sampling method of ground water sampling, for lead sampling during the next required sampling event. In the event this constituent is measured below the Department's Ground Water Quality Standards no further investigation would be required for lead in ground water; however, if lead is still identified in ground water above the GWQS a Classification Exception Area will be required for the contaminant plume. Darling may choose to contact the Department to further discuss these options.

II. Ground Water

To date, a total of six on-site monitoring wells (MW-1 through MW-6) have been installed with a total of twelve sampling events completed from December 6, 1994 to October 30, 1998. Review of the October 1998 sampling results revealed benzene in MW-2 (26 ppb), MW-3 (32 ppb), MW-4 (46 ppb) and upgradient monitoring well MW-6 (190 ppb) above the Department's GWQS of 1 ppb. In addition, MW-3 contained methylene chloride (340 ppb), chloroform (79 ppb), ethylbenzene (1,900 ppb), and total xylenes (8,600 ppb) above the Department's GWQS, and upgradient monitoring well MW-6 contained vinyl chloride (260 ppb), methylene chloride (3,400 ppb), 1,1 dichloroethane (630 ppb), cis-1,2-dichloroethane (450 ppb), chloroform (7,300 ppb), 1,1,1-trichloroethane (440 ppb), trichloroethene (650 ppb), 1,1,2-trichlorethane (320 ppb), and chlorobenzene (310 ppb) in excess of the GWQS. Based upon the historical trends of this site, the petroleum related compounds appear to emanate from the referenced on-site former UST system, and the chlorinated compounds detected in upgradient well MW-6 appear to emanate from an off-site upgradient source. Review of the historic ground water concentrations (specifically no evident decreasing trend for total xylenes) indicate the presence of an on-going soil source. Darling may defer ground water remediation pending the additional soils remedial actions. Approximately six weeks following the soils remedial action/investigation Darling shall collect ground water samples from all site wells and analyze for volatile organic compounds, methyl tertiary butyl ether (MTBE) and tertiary butyl alcohol (TBA) using EPA Method 624 calibrated for xylenes, with a library search (VO+10) and for lead using USEPA Method 200.7 (ICAP) or EPA Mehtod 239.2 (Graphite Furnace). As aforementioned, Darling is encouraged to collect ground water samples for lead using USEPA Low Flow (Minimal Drawdown) Ground Water Sampling Procedures (attached). The Department will evaluate this additional analysis with previous sampling events to determine whether a concentration gradient has been achieved. Additional ground water sampling events may be required to determine whether a decreasing trend is apparent. No further investigation is required by Darling, regarding the chlorinated solvents issue, at this time. Darling is encouraged to continue cooperating with the owners of the adjacent McKesson property so that these constituents can be properly remediated.

III. Receptor Evaluation

No further investigation is required, at this time.

IV. Quality Assurance

A. All data submitted shall conform to N.J.A.C. 7:26E-2, except where specifically indicated.

B. In accordance with N.J.A.C. 7:26E-3.13(b) 3, a technical overview is required for any report submission. As part of that overview, a discussion regarding the reliability of the laboratory analytical data shall be included. Please see Appendix 2 of the March 1995 "Guide for the Submission of Remedial Action Workplans."

C. In accordance with N.J.A.C. 7:26E-3.13(c)3v, a table summarizing all sampling results shall be provided with the report required herein. The table shall be organized by area of concern and shall include sample location, media, sample depth, field and laboratory identification numbers, analytical results, and comparison to applicable remediation standards. The data in the summary table shall be presented both as hard copy and an electronic deliverable using the database format outlined in detail in the current HAZSITE application or appropriate spreadsheet format specified in the Department's Electronic Data Interchange Handbook in effect as of the date the report is prepared. The Electronic Data Interchange Handbook and a copy of the current HAZSITE application software may be obtained from the Department by calling (609) 633-1476.

V. Administrative Requirements

A. Certification Requirements

Effective April 25, 1992, all persons and firms performing tank services on regulated USTs must be certified per N.J.S.A. 58:10A-24.1-8. All work related to any regulated tank service shall be conducted by, or under the immediate on site supervision of an individual certified in the activity being conducted. All documents (tank closure and permit applications, reports, proposals) submitted to the Department shall be prepared and signed by the certified individual responsible for the project.

B. Field Activity Notification

Darling shall notify the assigned BUST Case Manager at least 14 calendar days prior to implementation of field activities. If Darling fails to initiate sampling within 30 calendar days of the receipt of this letter, any requests for an extension of the required time frames may be denied.

C. Remedial Action Selection

Darling shall submit a Remedial Action Selection Report in accordance with N.J.A.C. 7:26E-5. This submission may be included as a part of the RAW. Please note that the Remedial Action Selection Report will satisfy the requirement to submit an Effectiveness Analysis and Certification.

D. Notifications

Pursuant to N.J.A.C. 7:26E-1.4, Darling shall notify the municipal clerk of each municipality in which the site is located forty-five calendar days prior to the submission of the remedial action selection report to the Department. The notification shall be in writing and shall include all information specified in N.J.A.C. 7:26E-1.4(d)1 through 10.

VI. Reporting Requirements

Based upon the above requirements and the data generated to date, Darling is required to submit a Remedial Action Workplan in accordance with N.J.A.C. 7:26E-6.2 and P.L. 1993, c.139 (S-1070). This document shall be submitted to this Bureau at the above address, within one hundred fifty (150) days of the date of this letter. The Remedial Action Workplan shall detail all activities conducted to achieve compliance with the requirements listed in this letter and present a comprehensive remedial proposal for all soil and ground water contamination present as the result of the discharge(s) based upon all data collected to date. Guidance regarding the minimum requirements and presentation format for this document are provided in the March 1995 "Guide for the Submission of Remedial Action Workplans"

It should be noted that if Darling completes the above requirements, and the data indicate that the remedial investigation has not been completed (i.e., contamination not completely delineated), Darling shall submit a RIW in accordance with N.J.A.C. 7:26E-4.2 within the specified time frame. The RIW shall include a schedule of implementation of the remaining remedial investigation required and the submittal date of the RAW. Darling also has the option of completing the remaining remedial investigation in accordance with N.J.A.C. 7:26E-4, followed by the submission of the RIR/RAW. If the latter option is selected, Darling shall notify the Case Manager listed below, in writing, within two weeks prior to the specified time frame referenced above. This notification shall include a generic discussion of activities conducted to date and activities to be conducted, as well as a detailed schedule of implementation which includes the submission of the RIR/RAW.

Please note, pursuant to N.J.S.A. 58:10A-21 et seq. and N.J.A.C. 7:14B et seq., the owner and operator of the regulated underground storage tanks are strictly liable for compliance with these requirements. In addition, all state regulated USTs, except for heating oil USTs for on-site consumption, are regulated under 40 CFR Part 280. Non-compliance with these federal and state regulations exposes the tank owner and operator to the penalty and liability specified in 40 CFR Part 280. N.J.S.A. 58:10A-21 et seq. and N.J.A.C. 7:14B et seq.

If you require copies of Departmental Guidance Documents or applications, many of these documents are available on the internet at WWW.STATE.NJ.US/DEP/SRP. If you should have any questions regarding this matter, please contact me at (609) 984-7844.

Sincerely,

Gerald M. Hahn

Gerald M. Hahn, Case Manager
Bureau of Underground Storage Tanks

c: Marsha McGowan, Health Officer, Newark Division of Health
Dr. Michael Festa, Health Officer, Essex County Health Department
Gerald M. Hahn, Case Manager, BUST/NJDEP
Mark Walters, Case Manager, BSCM/NJDEP

Vulcan Materials Company

CHEMICALS DIVISION / P. O. BOX 545 • WICHITA, KANSAS 67201 • TELEPHONE JA 4-4211

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ENV. & E SERVICES

November 29, 1972

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NOV 22 1993

A. P N.

Mr. Richard A. Flye, Attorney
Enforcement Division
United States Environmental
Protection Agency, Region II
26 Federal Plaza
New York, New York 10007

Dear Mr. Flye:

The attached report is in response to your request of October 17, and is in accordance with my discussion with you and Mr. Cohen on November 9. The report follows the outline and numbers used in the EPA revised relief package which is included as an appendix.

The introduction of the report opens with sections on plant history, process description, and environmental problems. These sections, which are essentially the same as in my September 14 report, were included so as to have a complete package in this report.

If this report is acceptable, the next reports due to the Environmental Protection Agency, Region II, will be as follows:

1. January 15, 1973 and the 15th of each month thereafter - A monthly report on effluent monitoring results.

2. The week of January 22, 1973 - A report on status of pH control of plant effluent with an implementation schedule for attaining pH control between 6.5 and 8.5.

3. April, 1973 - Progress report on plant and research work concerning plant effluent with additional company commitments for improvements felt to be economically feasible.

Much work has been accomplished during the past few months and we now have a much better understanding of the Newark plant effluent problems. Numerous small improvements are being made that will permit us to

VULCAN MATERIALS COMPANY

NEWARK PLANT ENVIRONMENTAL CONTROL

INTRODUCTION

Plant History

Vulcan Materials Company acquired its Newark, New Jersey plant from the Kolker Chemical Corporation in 1961. The original plant had an electrolytic chlorine capacity of 55 tons per day and also produced methylene chloride, methyl chloride and a variety of organic chemicals. Since the acquisition, numerous changes have been made and production of the miscellaneous organic chemicals has been discontinued.

In 1969, chlorine-caustic soda capacity was increased to 120 tons per day of chlorine by adding electrolytic cells and by extensive debottlenecking of other parts of the plant. The original 25 ton-a-day methylene chloride unit, which was unfinished at the time of acquisition, was completed and then debottlenecked in 1966 to a capacity of 35 tons per day. A second unit of the same capacity was added in 1968-1969 to increase total capacity to 70-80 tons per day. Production of hydrochloric acid and sales of by-product hydrogen were continued, and a liquid bleach unit was added in 1970 to recover chlorine and caustic which would otherwise be sewered.

An anhydrous caustic soda unit was added and started up in early 1969 with a capacity of 80 tons per day. This unit was permanently shut down in September, 1972.

REPORT TO:

ENVIRONMENTAL PROTECTION AGENCY

REGION II

NEW YORK, NEW YORK

FROM:

VULCAN MATERIALS COMPANY

NEWARK, NEW JERSEY PLANT

Submitted By:

H. A. Campbell

Vice President, Manufacturing

November 29, 1972

maintain more consistent control of the total effluent. As discussed in the report, additional studies are being made seeking methods for further improvements. Since the plant has continued to be unprofitable, any expenditures must be carefully evaluated if the plant is to continue operating.

I hope that this report will be acceptable to the Environmental Protection Agency and will be available to discuss any and all sections at your convenience.

Sincerely yours,

H. A. Campbell
Vice President - Manufacturing

HAC/jrm

cc: Mr. Charles M. Pike, Director
Division of Water Resources
New Jersey State Department of
Environmental Protection
P. O. Box 1390
Trenton, New Jersey 08625

Dr. Alan I. Mytelka
Assistant Chief Engineer
Interstate Sanitation Commission
10 Columbus Circle
New York, New York 10019

bcc: R. H. McCollister
R. A. Bondurant
L. R. Steckley
Ray Gilliam
~~G. A. Vlacos~~

Walter Waldau, Attorney
Stryker, Tams, and Dill
33 Washington Street
Newark, New Jersey 07102

Plant personnel totals about 160 with 112 of these union members. Turnover has been high, averaging about 30% per year for the past several years. Personnel from minority groups comprise about 40% of the operating and maintenance workforce. Many of these do not read or write English very well, and hiring, training, and communications are continuing problems.

Process Description

A schematic flow sheet is shown in Figure 1. In the cell house, a brine solution prepared from purchased solid salt is electrolyzed to form chlorine and a dilute caustic soda solution. Hydrogen is a byproduct of the operation. The chlorine gas which is saturated with water vapor is dried, compressed, cooled by refrigeration, and liquefied. The bulk of the chlorine is used as feed to the chloromethanes unit and the balance is sold.

Tail gas from liquefaction, consisting of chlorine mixed with inert gases, is normally reacted with hydrogen to form hydrogen chloride gas which is absorbed in water and sold as hydrochloric acid. Excess hydrogen is compessed and sold by pipeline to another company. Any dilute chlorine gas from loading or storage is sent to the bleach unit where it is absorbed in a dilute caustic soda solution to form liquid bleach which is sold. Any time the hydrochloric acid unit is not operating, the liquefaction tail gas is also sent to the bleach unit.

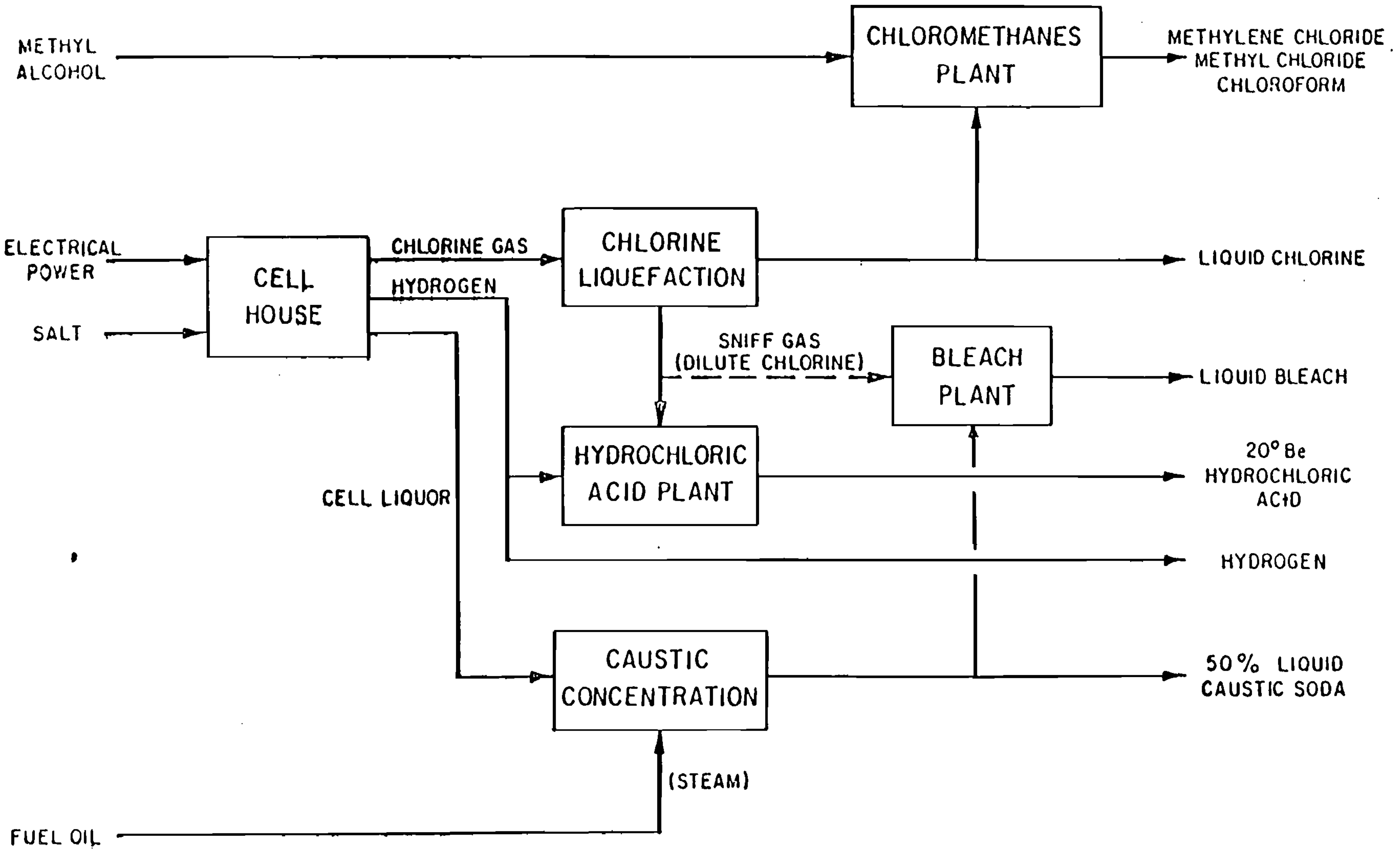

FIGURE 1: SCHEMATIC DESCRIPTION OF NEWARK PLANT

Dilute caustic soda from the cell house is concentrated to a 50% solution in steam-heated evaporators. Solid salt, which separates from the caustic solution during concentration, is returned to the brine-making system. All of the 50% caustic is sold, except a small volume which is used to make bleach.

Chlorine and purchased methyl alcohol are fed to the chloromethanes unit to produce methylene chloride, methyl chloride, and chloroform for outside sales.

Approximately 10,000 gpm of Newark Bay water is pumped through the various plant units on a once-through basis for cooling purposes. About 500 gpm of fresh water is purchased from the City of Newark with about 100 gpm of this going into plant products, evaporation losses and domestic uses. Total effluent discharged to Newark Bay is about 10,400 gpm. Domestic waste water, which is quite low in volume, is sent to septic tanks.

Environmental Problems

In recent years, the plant has been contacted by representatives from various agencies concerned with pollution. These include the Environmental Protection Agency, the U. S. Army Corps of Engineers, the U. S. Coast Guard, the New Jersey State Department of Environmental Protection, the Newark Department of Health and Welfare, the Interstate Sanitation Commission, and the Passaic Valley Sewerage Commission.

The New Jersey State Department of Environmental Protection has periodically visited the plant for several years and sampled the plant effluent. Analyses of these samples since 1969 have shown considerable improvement in effluent appearance and quality. Samples taken over the past year by the Department of Environmental Protection indicated that the plant was complying with New Jersey State Department of Health regulations TW-3.

Several major improvements were accomplished during this period of 1969 to the present. Overall reliability of plant operations has been improved, reducing considerably the frequency of shutdowns and startups with their attendant losses. Prior to 1970, chlorine streams that could not be sold or reacted with hydrogen to produce hydrogen chloride were absorbed in water and then neutralized with caustic before sewering. In 1970, a bleach unit was added to eliminate sewering and permit recovery and sale of these chlorine-caustic streams as bleach.

In the caustic plant, storage tanks were added to recover weak caustic streams which were previously sewered during weekly equipment washouts. A spillage collection system was also installed to reduce caustic losses from equipment malfunctions and operator errors. Further improvements are now needed in this collection system. Instrumentation was added to continuously monitor pH of the total plant effluent stream and to automatically add caustic if pH dropped below 6.5.

On June 25, 1971, Vulcan Materials Company filed an application for a discharge permit under the Refuse Act of 1899 with the U. S. Corps of Engineers for the Newark plant. Application number is 000297. On January 27, 1972, this permit request was returned by the Corps of Engineers with a request for changes and additional data. This was done and the permit was resubmitted on March of 1972.

Communications with the Environmental Protection Agency, Region II in New York, began in April, 1972, and Vulcan Materials Company met with representatives of EPA on June 27.

Subsequent to that meeting, a comprehensive sampling program was set up to better define quantities and sources of undesirable components in the Newark plant waste effluent stream entering Newark Bay. This program was carried out from July 11 through July 22 and a report of results was issued to EPA on August 7. Many additional communications by letter and telephone have taken place since that time.

Current Report

On October 17, a revised relief package was sent by EPA to Vulcan. This report is in response to that relief package which is enclosed as the Appendix. For ease of comparison, the report follows the outline and numbering system used in the relief package.

The values reported by Vulcan Materials Company for its Newark, New Jersey plant in its Refuse Act Permit Application, were based on limited data. Results from the July sampling program are felt to be more representative than the values reported in the Refuse Act Permit Application, and form the basis for this report. As pointed out in EPA's relief package, the sampling program quantified problems with pH, suspended solids, zinc, lead, and organics in plant effluent.

This report presents Vulcan Materials Company's commitment to improve the quality of plant effluent discharged into Newark Bay. Although many changes and improvements have been made since its purchase from the Kolker Chemical Corporation in 1961, the plant has continued to lose money. Major capital expenditures must be carefully considered since they could decrease the operating life of the plant. Economic considerations are therefore of paramount importance and will be discussed in detail, where pertinent, throughout this report.

ABATEMENT CONDITIONS

1. Immediate Discharge: The company will discharge a final effluent as specified herein.

(a) OIL & GREASE: The discharge will not contain concentrations of oil and grease that would produce a sheen in the receiving waters nor will oil be discharged in any quantities that are harmful.

(b) FLOATING SOLIDS: The effluent will not contain any visible foam or floating solids.

Based on all sampling results, Vulcan has no problems with oil and grease or floating solids. Since Newark Bay water is pumped through the plant for cooling purposes, any of these contaminants present in the effluent would have been picked up in the Bay water with essentially no net addition by the plant.

(c) Immediately, the company's discharge will have net average daily discharge in pounds per day for the various parameters discussed below. These numbers are the net average daily addition by the plant since the Newark Bay water used for cooling already contains these contaminants.

a) PARAMETERS:

Total Suspended Solids: The July monitoring program showed suspended solids ranging daily from 5800 pounds to 66,000 pounds per day, with an average of about 26,000 pounds per day for the twelve day period. Additional lab work has been done to help determine the reasons for the wide range in suspended solids.

The contaminants actually added by the plant will average 8000 pounds per day which come principally from rock salt purchased as a raw material for the plant. Besides these suspended solids added by the plant to the effluent, it was found in the laboratory that some of the dissolved solids in the Bay water will precipitate as pH is increased. The increase in suspended solids is quite small as Bay water is increased from its normal pH level of 6.8 - 7.4 to a pH of 8.5. Suspended solids increase rapidly above a pH of 8.5 and at a pH of 10, suspended solids is several times greater in quantity than at a pH of 8.5. The suspended solids do redissolve as pH is decreased. Suspended solids, if high in plant effluent because of high pH, will redissolve to reach equilibrium at the Bay pH of 6.8 - 7.4.

Suspended solids in the plant effluent is then largely dependent upon pH of the plant effluent. The actual addition by the plant will average 8000 pounds per day. If pH is maintained at 8.5 or less, effluent samples will show this net addition of 8000 pounds per day for total suspended solids. If pH is above 8.5, analyses for suspended solids will indicate greater values than this, but the excess suspended solids will redissolve after remixing with Bay water. Until we have good control on pH, analytical results for suspended solids will be run at the effluent pH and also run at a pH of 7.2 if the effluent pH is above 8.5 to determine the net effective addition by the plant.

Zinc: During the sampling program, erroneous analyses for lead and zinc were obtained using the atomic absorption procedure and the samples were, therefore, run using the polarographic method recommended by APHA.

Zinc in the total plant effluent was indicated to be about 250 pounds per day, or more than double the 120 pounds per day indicated by analyses of samples from the methylene chloride unit. We have since looked further to determine if zinc could be entering the effluent from any other source than the methylene chloride unit and can find none. Methylene chloride unit samples are, therefore, felt to be more accurate since concentration in the total plant effluent is only 1-4 ppm. The plant will maintain a net zinc addition not to exceed 120 pounds per day average.

Lead: The calculated quantity of lead added to plant effluent is 10 pounds per day rather than the 35 reported in the U. S. Corps of Engineers permit request, and the plant will maintain an average daily discharge of 10 pounds or less.

Chlorinated Hydrocarbons: The plant will maintain a net average daily discharge of chlorinated hydrocarbons of 700 pounds or less.

B.O.D.: The average daily discharge for B.O.D. indicated by the sampling program was 1,400 pounds per day versus the 3,750 pounds per day in the Corps of Engineers permit request. The analyses were run by a well qualified, independent laboratory but results were erratic. Except for one sample, B.O.D. in the methylene chloride unit effluent, which is the source of all organics in the plant, was indicated to be low because the chlorinated hydrocarbons interfered with the B.O.D. test.

We recognize that organics and chlorinated hydrocarbons are problems in Newark plant effluent. However, in our particular plant effluent, the analysis for chlorinated hydrocarbons is indicative of the quantity of total organics present, and these chlorinated hydrocarbons do interfere with the B.O.D. test. We, therefore, request that B.O.D. not be required on plant effluent. If chlorinated hydrocarbons were removed or treatment facilities were installed, then B.O.D. could become a pertinent test.

b) pH:

The pH of the plant effluent will be maintained between 6.5 and 10.0.

c) Temperature: The temperature of the plant discharge will not exceed 100°F at any time. Measured temperatures of plant discharge were in the range of 92-98° during the hottest part of the year. Since this data was taken, one plant unit has been permanently shut down, further decreasing total plant heat load. When possible, Bay water circulated for cooling purposes will be decreased in volume to reduce pumping costs, but 100°F will be maintained as the maximum permissible discharge temperature.

2. Effluent Limitations

The plant cannot economically reach the low net average daily discharge as indicated in the relief package. Certain improvements can and will be made. The company emphasis is on closer supervision of operations and process improvements to reduce or recover contaminants now entering the sewer. With more efficient operations, we can keep part of the material out of the sewer or add additional equipment to recover it from the sewer. We are moving ahead with several process changes, as well as studies by plant and research personnel. Most of these studies should be completed by the end of the first quarter of 1973; if agreeable, we plan to submit a report to the Environmental Protection Agency, Region II office by the end of April, 1973. We will determine by then if commitments in addition to those in this report are economically feasible.

If it were possible to achieve the net average daily discharge requested in the relief package, with the present volume of plant effluent, concentrations would be extremely low as follows: TSS 0.67 ppm; zinc 0.01 ppm; lead 0.003 ppm; chlorinated hydrocarbons 0.125 ppm; and B.O.D. 0.33 ppm. Analytical results are not felt to be this accurate so that determination of actual plant contaminants would be questionable.

Parameters

Quantities of contaminants discussed below are net average daily additions by the plant. Unless there is a major operating problem or accident, the maximum for any given day should not exceed two times the net daily average.

Total Suspended Solids

Removal of suspended solids from plant effluent is not economically feasible. The cost to install and operate facilities to remove the solids plus the expense to have these solids hauled away and disposed of would be prohibitive. Suspended solids can be consistently maintained at 8,000 pounds per day or less by controlling pH at 8.5 or lower.

Since most of these solids come from impurities in our salt raw material, we have looked for other sources of salt. Solar salt does contain fewer impurities than rock salt and we are presently purchasing as much solar salt as is available in the area at a competitive price. Additional lab work is under way at the present time to determine other means of reducing the suspended solids. Results of this work will be included in the April, 1973, report.

Zinc

Zinc will be reduced by the fourth quarter of 1973 to a level not to exceed a net average daily discharge of 20 pounds per day. Process changes and additional equipment will decrease the present quantity of this contaminant by over 80%.

Lead

We do not know of any feasible method for a significant reduction in lead. Concentration in the total plant effluent and in the chlorine-caustic unit effluent is only 0.1 to 0.3 ppm. The methylene chloride unit effluent (100 gpm flow rate) contains about 1 ppm while the cathode wash water (10 gpm) contains 0.1 to 14 ppm. Part of the lead can be removed from these latter two streams, but they contain only 10 to 15 percent of the average of 10 pounds per day discharged in the effluent. We therefore feel that only a 10 percent reduction of lead is practical or from 10 to 9 pounds per day average. This will be achieved by the fourth quarter of 1973.

Chlorinated Hydrocarbons and Organics

Initial laboratory work indicates that reduction in chlorinated hydrocarbons and other organics would be extremely costly. Various approaches are being investigated and a specific commitment should properly await the results of these studies. This subject will be covered in the report submitted to EPA in April, 1973.

b) The pH of plant effluent entering Newark Bay shall not be less than 6.5 nor greater than 8.5. This is very important from the standpoint of suspended solids as well as pH.

3a. Abatement Implementation Schedule

EPA is requesting a specific implementation schedule with reports to the Regional Administrator and the New Jersey State Department of Environmental Protection within ten days following each date on the implementation schedule. Vulcan will issue these reports as specified within ten days following each date on an agreed upon schedule as covered below.

(a) As discussed previously, company commitments for further improvements in plant effluent beyond those in this report are dependent upon plant and research studies which are presently being made. By the end of April, 1973, Vulcan proposes to submit to the Environmental Protection Agency, Region II office a report reviewing all work and data concerning the Newark plant effluent through the first quarter of 1973 and outlining plans and commitments for further improvements in effluent quality.

Within two months after EPA has reviewed this report and agreement has been reached on final effluent criteria, the company will submit for approval an engineering report to the Regional Administrator and the New Jersey Department of Environmental Protection.

(b) The company will submit final plans and specifications for required treatment facilities to the Regional Administrator and the New Jersey Department of Environmental Protection within four months from obtaining approvals of the engineering report.

(c) Once final plans and specifications are approved, the company will begin, within one month, to solicit bids and contracts. Based on past experience, additional time of about two months would be required for development of bids, supplying additional information to bidders, obtaining bids, reviewing, requesting resubmittal of bids, if necessary, and awarding contracts.

(d) Depending on the facilities required and assuming normal weather, it is felt that at least twelve months would be required to complete construction of facilities in the Newark area. This time would be increased if there were serious problems in equipment delivery or if labor problems were encountered.

(e) Within three months after construction is completed, the company will attain the operational level required to achieve agreed upon limits for plant effluent. Three months to start up and line out the waste treatment facilities should be more than adequate unless serious equipment problems are encountered.

3b Abatement Implementation Schedule

By the week of January 22, 1973, the company will send to the Regional Administrator a report on the status of pH control and an implementation schedule for a program to achieve the effluent limits established in Abatement Conditions 2b; that is, to control the pH of plant effluent between 6.5 and 8.5.

We will strive with due diligence to achieve this control as soon as practical. An implementation schedule may be longer than three months since good control may require additional facilities to recover material from plant sewers. The company will report to the Regional Administrator and the New Jersey Department of Environmental Protection within ten days following each date on the final agreed upon implementation schedule.

4. Monitoring and Recording

The company will monitor and record quantitative values for plant effluent in accordance with the following schedule and provisions.

(a) Sampling Schedule I

This schedule was begun in November, 1972, and will continue until startup of required treatment facilities.

Plant Effluent Analyses

Parameter	Minimum Freq. of Analysis	Sample Type
Flow, pH	Continuous Monitoring	
Temperature	Daily	Grab
TSS	Weekly	24 hr. Composite
Zinc	Weekly	24 hr. Composite
Chlorinated Hydrocarbons	Weekly	24 hr. Composite
Lead	Weekly	24 hr. Composite

For reasons discussed earlier, no analyses will be made for B.O.D. When treatment facilities are installed and started up, we would return to the above schedule upon notification by EPA and will then plan to run B.O.D. analyses if so requested.

Sampling Schedule II

The schedule below will commence upon startup of treatment facilities and will continue until notified by EPA to return to Schedule I.

Plant Effluent Analyses

Parameter	Minimum Freq. of Analysis	Sample Type
Flow, pH	Continuous Monitoring	
Temperature	Daily	Grab
TSS	Daily	24 hr. Composite
Zinc	Daily	24 hr. Composite
Chlorinated Hydrocarbons	Daily	24 hr. Composite
Lead	Daily	24 hr. Composite

Since B.O.D. is a five day test, we would propose not to run it until treatment facilities approached stable operations. A five day test would be of no value for control purposes.

Are these results anywhere

Intake Monitoring

The intake for Newark Bay water will be sampled for the same parameters listed above in both Sampling Schedules I and II. Samples will be taken with the same frequency and analyzed for the same parameters using the same analytical test methods.

(b) Quality Control

Adequate care will be maintained in obtaining, recording and reporting the required data on effluent quality and quantity in accordance with prescribed, standard analytical procedures.

The company will properly calibrate and maintain all monitoring and analytical instrumentation to insure accuracy of measurements. Sampling will be representative of the volume and quality of effluent discharged over the sampling and reporting period.

(c) Recording

The company will record the results of all required analyses and measurements, including dates and times of sampling, in accordance with standard plant procedures.

All original records will be retained for a minimum of one year, with monthly reports to be retained for a minimum of three years. These time periods will be extended when so requested by the Regional Administrator. The company will also retain all original chart recordings from the continuous monitoring instrumentation for a minimum of one year, such period to be extended when so requested by the Regional Administrator.

The company will provide the above records and will demonstrate the adequacy of the flow measuring and sampling methods upon request of the Environmental Protection Agency. The company will identify the effluent sampling point used for each discharge pipe.

(d) Sampling and Analysis

The analytical and sampling methods used will conform to the following reference methods (latest editions) or equivalents previously approved by EPA:

Standard Methods for the Examination of Water and Wastewater, 13th Edition, 1971 American Public Health Association, New York, New York 10010.

A.S.T.M. Standards, Part 23, Water; Atmospheric Analysis, 1970, American Society for Testing and Materials, Philadelphia, Pennsylvania 19103.

W.Q.O. Methods for Chemical Analysis of Water and Wastes, April, 1971, Environmental Protection Agency, Water Quality Office, Analytical Quality Control Laboratory, 1014 Broadway, Cincinnati, Ohio 54202.

As pointed out earlier, a polargraphic method recommended by APHA for lead and zinc will be used instead of the atomic absorption procedure recommended by the EPA National Environmental Center.

(e) Reporting

The results of the above monitoring requirements will be reported by the company in the units specified in 1(c) and 2. A report will be submitted even if no discharge occurred during the reporting period. A report will also be submitted if there are any significant modifications in waste treatment and handling or operating procedures which would alter the quality and quantity of the discharge. The Environmental Protection Agency will be notified in writing of any permanent elimination of the discharge.

All reports will be signed by a division officer of at least the level of Vice President or by the Plant Manager with an accompanying signed delegation of authority. Included in the report will be any previously approved non-standard analytical methods used. Copies of the report, properly signed, will be sent to both the Regional Administrator and the New Jersey Department of Enviornmental Protection on the fifteenth of each month reporting monitoring data from the previous month. Since some of the samples will be sent out for analyses, the fifteenth is requested rather than the tenth of the month. The first report will be issued by January 15, 1973.

(f) Other Requirements

The company will comply with all monitoring, recording and reporting requirements of the State of New Jersey.

The company will transmit to the Regional Administrator a duplicate copy of any reports on radioactive liquid releases required to be submitted to the Atomic Energy Commission.

The company will transmit to the Regional Administrator a duplicate copy of any reports on pesticides required to be submitted to the U. S. Department of Agriculture.

5. Sludge Disposal

Collected screenings, sludges and other solids from waste treatment facilities will be disposed of in such a manner as to prevent entry of such materials into navigable waters or their tributaries. The company will report on all effluent screenings, sludges, and other solids associated with the plant effluent.

The following data will be reported together with the monitoring data required in Abatement Condition 4:

a. Sources of solids to be disposed
b. Approximate volumes and weights of the material disposed
c. Method by which solids were removed and transported
d. The final disposal locations of the materials

6. Air Emissions

Any air emissions containing waste gases and/or particulate matter from existing or future waste treatment facilities will not exceed the permissible levels specified in Federal and State Air Quality Standards.

7. Storm Water

Normal flow of rain water within existing plant operating units is into plant sewers. This water will necessarily all have to be handled with the plant effluent.

8. To the best of our knowledge, the permit application to the U. S. Corps of Engineers covered all components present in plant effluent. We do not know of anything else that might be present and have no plans for changes or additions to the process which would add a parameter not previously reported. In the event of any changes or additions, the company will notify the Regional Administrator and the New Jersey Department of Environmental Protection prior to the discharge.

9. In the event of equipment breakdown, accidents or other serious problems which result in plant effluent exceeding maximum allowable, the company will notify the Regional Administrator and the New Jersey Department of Environmental Protection by telephone and in writing explaining what occurred and the steps taken to correct the problem and prevent its recurring. Telephone notifications will be made during normal office hours Monday through Friday. Problems occurring at night or on weekends or holidays will be reported on the first workday after the occurrence.

10. The plant is serviced by two separate electrical lines. In the event of failure of one line, the other line is available to maintain plant operations. It is possible that both lines or the total electrical system could fail, however, this has occurred only twice during the past three years for only a few seconds. Since reliability is essentially 100%, additional

alternates for power supply are not needed. If electrical power were lost for an extended period, the entire plant would be shut down and effluent flow would cease.

11. Bypass of waste treatment facilities would occur only in the event of equipment breakdown or accidents as covered in No. 9 above. In such an event, the Regional Administrator and the New Jersey Department of Environmental Protection would be notified by telephone and in writing.

APPENDIX

<u>REVISED</u> <u>RELIEF</u> <u>PACKAGE</u>

for Vulcan Materials Company

Newark, New Jersey

Requested by

Environmental Protection Agency

Region II

New York, New York

ABATEMENT CONDITIONS

Vulcan Materials Company
Newark, New Jersey

INTRODUCTION

Certain values reported by the company in its Refuse Act Permit Application indicate that additional treatment and/or in-plant changes will be necessary to enable the plant's discharge to achieve acceptable effluent levels. The following Abatement Conditions specify limits which will apply to the plant's discharge. Abatement Condition 1 specifies limits which apply immediately. These limits reflect values reported in the Refuse Act Permit Application or limits with which the company can readily comply. The limits in Abatement Condition 1 do not necessarily indicate acceptable discharge values, but rather, permissible limits which are applicable on a temporary basis pending compliance with required effluent limitations. Abatement Conditions 2 and 3 provide, respectively, future effluent limitations and an implementation schedule for achieving the required effluent limitations.

ABATEMENT CONDITIONS

1. Immediate Discharge. Except as specified otherwise in 1(c) below, the company shall discharge a final effluent which shall not exceed the average daily and maximum daily values as reported in its Refuse Act Permit Application including any modifications thereto.

(a) OIL & GREASE: The discharge shall not contain concentrations of oil and grease that would produce a sheen in the receiving waters nor shall oil be discharged in any quantities that are harmful as defined pursuant to 40 CFR 110.

(b) FLOATING SOLIDS: The effluent shall not contain any visible foam or floating solids.

[illegible] Immediately, the company's discharge shall not contain parameter levels which exceed the values listed below:

Discharge Serial Number		Parameter	Net Average Daily Discharge (lbs/day)
001	a)	TSS	5600
		Zinc	120
		Lead	3.4
		Chlorinated Hydrocarbons	700
		BOD_5	1000

b) The pH of the discharge shall not be less than 6.5 nor greater than 10.0.

c) The temperature of the discharge shall not exceed 100°F at any time.

2. Effluent Limitations. After the date specified in Abatement Conditi the company shall discharge an effluent whose characteristics do not excee the values listed below:

Discharge Serial Number	Parameter	Net Average Daily Discharge	Net Maximum Daily Discharge
Total Discharge from Plant	TSS	80 lbs/day	160 lbs/day
	Zinc	1.2 lbs/day	2.4 lbs/day
	Lead	0.4 lbs/day	0.8 lbs/day
	Chlorinated Hydrocarbons	15 lbs/day	30 lbs/day
	BOD_5	40 lbs/day	80 lbs/day

b) The pH of all effluents shall not be less than 6.5 nor greater than 8.5

3a. Abatement Implementation Schedule. The company shall comply with the following implementation schedule in order to achieve the effluent limitations contained in Abatement Condition 2(a), and shall report to both the Regional Administrator and the State Agency within 10 days following each date on the implementation schedule detailing its compliance with the schedule:

(a) The company shall submit for approval an engineering report to the Regional Administrator and the State Agency within 3 months;

(b) The company shall submit final plans and specifications for the treatment facilities to the Regional Administrator and the State Agency within 4 months from obtaining the approvals of the engineering report;

(c) The company shall solicit bids and contract(s) pursuant to the approvals of final plans and specifications within 1 month from obtaining approvals required in (b) above;

(d) The company shall complete construction of the facilities within 9 months from the awarding of contracts required in (c) above;

(e) The company shall attain the operational levels required to achieve the limits specified herein within 3 months from completion of construction required in (d) above.

3b Abatement Implementation Schedule. Within 1 months, the company shall provide to the Regional Administrator an implementation schedule for an abatement program to achieve the effluent limits established in Abatement Condition 2.(b) The effluent limits shall be achieved and the implementation schedule shall terminate within 3 months. Upon approval of the Regional Administrator, the commitments and interim dates contained in this schedule shall become a condition of this document. The company shall report to both the Regional Administrator and the State Agency within 10 days following each date on the implementation schedule detailing its compliance with the schedule date and event.

4. <u>Monitoring and Recording</u>. The company shall monitor and record the quantitative values of each discharge according to the following schedules and other provisions:

(a) <u>Sampling Schedule I</u> - This schedule shall commence immediately and continue until start-up of the treatment facilities required to comply with the effluent limitations of Abatement Condition 2(b).

Discharge Serial Number	Parameter	Minimum Freq. of Analysis	Sample T
001	Flow, pH	continuous monitoring	
Treatment Plant	Temperature	daily	grab
Effluent*	BOD_5	weekly	24 hr. com
	TSS	weekly	24 hr. com
	Zinc	weekly	24 hr. com
	Chlorinated Hydrocarbons	weekly	24 hr. com
	Lead	weekly	24 hr. com

*Schedule I applies to the treatment plant effluent only after Schedule II has been terminated by EPA.

Sampling Schedule II - This schedule shall commence upon start-up of treatment facilities and continue until notified by EPA to return to Schedule I

Discharge Serial Number	Parameter	Minimum Freq. of Analysis	Sample Type
Treatment Plant Effluent Discharge 001	Flow, pH	continuous monitoring	
	Temperature	daily	grab
	BOD_5	daily	24 hr. composit
	TSS	daily	24 hr. composit
	Zinc	daily	24 hr. composit
	Chlorinated Hydrocarbons	daily	24 hr. composit
	Lead	daily	24 hr. composit

Intake Monitoring - The intake is to be sampled for the parameters listed below during both Sampling Schedules I and II. The samples are to be taken with the same frequency and sample type and at the same time as the most frequent requirements for each parameter within the sampling schedule being used at that time:

(b) Quality Control - Adequate care should be maintained in obtaining, recording, and reporting the required data on effluent quality and quantity, so that the precision and accuracy of the data will be equal to or better than that achieved by the prescribed standard analytical procedures.

The company shall calibrate and perform maintenance procedures on all monitoring and analytical instrumentation at sufficiently frequent intervals to ensure accuracy of measurements.

Sampling shall be representative of the volume and quality of effluent discharged over the sampling and reporting period.

(c) Recording - The company shall record the results of all required analyses and measurements and shall record, for all samples, the date and time of sampling, the sample method used, the dates analyses were performed, who performed the sampling and analyses, and the results of such analyses.

All records shall be retained for a minimum of 3 years, such a period to be extended during the course of any unresolved litigation or when so requested by the Regional Administrator. The company also shall retain all original strip-chart recordings from any continuous monitoring instrumentation and any calibration and maintenance records for a minimum of 3 years, such period to be extended during the course of any unresolved litigation or when so requested by the Regional Administrator.

The company shall provide the above records and shall demonstrate the adequacy of the flow measuring and sampling methods upon request of the Environmental Protection Agency. The company shall identify the effluent sampling point used for each discharge pipe.

(d) Sampling and Analysis

The analytical and sampling methods used must conform to the following reference methods (latest editions) or equivalents previously approved by EPA:

Standard Methods for the Examination of Water and Wastewaters, 13th Edition, 1971 American Public Health Association, New York, New York 10010.

A.S.T.M. Standards, Part 23, Water; Atmospheric Analysis, 1970, American Society for Testing and Materials, Philadelphia, Pennsylvania 19103.

W.Q.O. Methods for Chemical Analysis of Water and Wastes, April 1971, Environmental Protection Agency, Water Quality Office, Analytical Quality Control Laboratory, 1014 Broadway, Cincinnati, Ohio 54202.

(e) Reporting

The results of the above monitoring requirements shall be reported by the company in the units specified in Abatement Conditions 1(c) and 2. A report or a written statement should be submitted even if no discharge occurred during the reporting period. A report should also be submitted if there have been any modifications in the waste collection, treatment, and disposal facilities, changes in operations procedures, or other significant activities which alter the quality and quantity of the discharges or otherwise concern these Conditions. Permanent elimination of a discharge shall be brought to the attention of the Environmental Protection Agency by written notification.

All reports shall be signed by the principal executive officer or corporate official of at least the level of vice president, or by his agent if accompanied by a signed delegation of authority. In the case of a partnership or a sole proprietorship, the reports must be signed by a general partner or the proprietor. The company shall include in this report any previously approved non-standard analytical methods used. Copies of the report, properly signed, shall be sent to both the Regional Administrator and the State Agency on the 10th of each month reporting the monitoring data from the previous month.

(f) Other Requirements

The company shall comply with all monitoring, recording, and reporting requirements of the State in which the discharge occurs.

The company shall transmit to the Regional Administrator a duplicate copy of any reports on radioactive liquid releases required to be submitted to the Atomic Energy Commission.

The company shall transmit to the Regional Administrator a duplicate copy of any reports on pesticides required to be submitted to the U. S. Department of Agriculture.

5. Sludge Disposal. Collected screenings, sludges, and other solids shall be disposed of in such a manner as to prevent entry of such materials into navigable waters or their tributaries. The company shall report on all effluent screenings, sludges and other solids associated with the discharge herein described. The following data shall be reported together with the monitoring data required in Abatement Condition 4:

a. Sources of solids to be disposed;
b. Approximate volumes and weights of the material disposed;
c. Method by which solids were removed and transported;
d. The final disposal locations of the materials.

6. Air Emissions. Any air emissions containing waste gases and/or particulate matter from existing or future waste treatment facilities associated with the discharge herein described shall not exceed the permissible levels specified in Federal and State Air Quality Standards.

7. Storm Water. Any accumulated storm waters from the plant grounds which have come into contact with raw materials, chemicals, oils, contaminants, impurities, or other materials normally not present in storm water runoff shall not be discharged into navigable waters or their tributaries without prior treatment and required authorization.

8. Discharge Containing Parameter Not Previously Reported. The company shall not discharge any wastewater containing a substance or characterized by a parameter which was indicated as absent in its Refuse Ac Permit Application. In the event of such a discharge, the company shall notify the Regional Administrator and the State Agency prior to the dischar

9. Non-Compliance with Abatement Conditions. In the event the company is unable to comply with any of these Conditions, due, among other reasons, to:

(1) Breakdown of waste treatment equipment, (biological and physical-chemical systems including, but not limited to, all pipes, transfer pumps, compressors, collection ponds or tanks for the segregation of treated or untreated wastes, ion exchange columns, or carbon absorption units);

(2) accidents caused by human error or negligence; or

(3) other causes, such as acts of nature,

the company shall notify the Regional Administrator and the State Agency immediately by telephone and in writing. The written notification shall include pertinent information explaining the reasons for the non-complianc and shall indicate what steps are being taken to correct the problem and to prevent it from recurring.

10. Alternate Power Supply - The company shall provide a plan, as part of the engineering report, for an alternate source of power to operate all waste treatment facilities or indicate, in the engineering report, that production shall be controlled or the discharge shall be handled in such a manner that, in the event the primary source of power to the waste treatment facilities fails, any discharge into the receiving waters will comply with the limits set herein. This alternate power supply, whether from a generating unit located at the plant site or purchased from an independent producer of power, must be separate from the existing power source used to operate the waste treatment facilities and must be operational at the time construction of the treatment facilities has been completed. If a separate facility located at the plant site is to be used, the company shall certify in writing to the Regional Administrator and to the State Agency when the facility is completed and prepared to generate power.

11. There shall be no bypass of the waste treatment facilities which would allow the entry of untreated or partially treated wastes to the receiving waters.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 2
290 BROADWAY
NEW YORK, NY 10007-1866

AUG 13 2004

GENERAL NOTICE LETTER
URGENT LEGAL MATTER
PROMPT REPLY NECESSARY
CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Donald M. James, CEO
Vulcan Materials Company
1200 Urban Center Drive
Birmingham, AL 35242-5914

RE: Diamond Alkali Superfund Site
Notice of Potential Liability for
Response Actions in the Lower Passaic River Study Area, New Jersey

Dear Mr. James:

The United States Environmental Protection Agency ("EPA") is charged with responding to the release and/or threatened release of hazardous substances, pollutants, and contaminants into the environment and with enforcement responsibilities under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), 42 U.S.C. §9601 et seq. Accordingly, EPA is seeking your cooperation in an innovative approach to environmental remediation and restoration activities for the Lower Passaic River.

EPA has documented the release or threatened release of hazardous substances, pollutants and contaminants into the six-mile stretch of the river, known as the Passaic River Study Area, which is part of the Diamond Alkali Superfund Site ("Site") located in Newark, New Jersey. Based on the results of previous CERCLA remedial investigation activities and other environmental studies, including a reconnaissance study of the Passaic River conducted by the United States Army Corps of Engineers ("USACE"), EPA has further determined that contaminated sediments and other potential sources of hazardous substances exist along the entire 17-mile tidal reach of the Lower Passaic River. Thus, EPA has decided to expand the area of study to include the entire Lower Passaic River and its tributaries from Dundee Dam to Newark Bay ("Lower Passaic River Study Area").

By this letter, EPA is notifying Vulcan Materials Company ("Vulcan") of its potential liability relating to the Site pursuant to Section 107(a) of CERCLA, 42 U.S.C. §9607(a). Under CERCLA, potentially responsible parties ("PRPs") include current and past owners of a facility, as well as persons who arranged for the disposal or treatment of hazardous substances at the Site, or the transport of hazardous substances to the Site.

In recognition of our complementary roles, EPA has formed a partnership with USACE and the New Jersey Department of Transportation-Office of Maritime Resources ("OMR") ["the governmental partnership"] to identify and to address water quality improvement, remediation, and restoration opportunities in the 17-mile Lower Passaic River. This governmental partnership is consistent with a national Memorandum of Understanding ("MOU") executed on July 2, 2002 between EPA and USACE. This MOU calls for the two agencies to cooperate, where appropriate, on environmental remediation and restoration of degraded urban rivers and related resources. In agreeing to implement the MOU, the EPA and USACE will use their existing statutory and regulatory authorities in a coordinated manner. These authorities for EPA include CERCLA, the Clean Water Act, and the Resource Conservation and Recovery Act. The USACE's authority stems from the Water Resources Development Act ("WRDA"). WRDA allows for the use of some federal funds to pay for a portion of the USACE's approved projects related to ecosystem restoration.

For the first phase of the Lower Passaic River Restoration Project, the governmental partners are proceeding with an integrated five- to seven-year study to determine an appropriate remediation and restoration plan for the river. The study will involve investigation of environmental impacts and pollution sources, as well as evaluation of alternative actions, leading to recommendations of environmental remediation and restoration activities. This study is being conducted by EPA under the authority of CERCLA and by USACE and OMR, as local sponsor, under WRDA. EPA, USACE, and OMR are attempting to coordinate with the New Jersey Department of Environmental Protection and the Federal and State Natural Resource Trustee agencies. EPA, USACE, and OMR estimate that the study will cost approximately $20 million, with the WRDA and CERCLA shares being about $10 million each. EPA is seeking its share of the costs of the study from PRPs.

Based on information that EPA evaluated during the course of its investigation of the Site, EPA believes that hazardous substances were being released from Vulcan's facility located at 600 Doremus Avenue in Newark, New Jersey, into the Lower Passaic River Study Area. Hazardous substances, pollutants and contaminants released from the facility into the river present a risk to the environment and the humans who may ingest contaminated fish and shellfish. Therefore, Vulcan may be potentially liable for response costs which the government may incur relating to the study of the Lower Passaic River. In addition, responsible parties may be required to pay damages for injury to, destruction of, or loss of natural resources, including the cost of assessing such damages.

EPA is aware that the financial ability of some PRPs to contribute toward the payment of response costs at the Site may be substantially limited. If you believe, and can document, that you fall within that category, please inform Ms. Reddy and Mr. Hyatt at the addresses located towards the end of this letter. You will be asked to submit financial records including business and, possibly, personal federal income tax returns as well as audited financial statements to substantiate such a claim.

Please note that, because EPA has a potential claim against you, you must include EPA as a creditor if you file for bankruptcy. You are also requested to preserve and retain any documents now in your Company's or its agents' possession or control, that relate in any manner to your facility or the Site or to the liability of any person under CERCLA for response actions or response costs at or in connection with the facility or the Site, regardless of any corporate document retention policy to the contrary.

Enclosed is a list of the other PRPs who have received Notice letters. This list represents EPA's findings on the identities of PRPs to date. We are continuing efforts to locate additional PRPs who have released hazardous substances, directly or indirectly, into the Lower Passaic River Study Area. Exclusion from the list does not constitute a final determination by EPA concerning the liability of any party for the release or threat of release of hazardous substances at the Site. Be advised that notice of your potential liability at the Site may be forwarded to all parties on this list.

We request that you become a "cooperating party" for the Lower Passaic River Restoration Project. As a cooperating party, you, along with many other such parties, will be expected to fund EPA's share of the study costs. Upon completion of the study, it is expected that CERCLA and WRDA processes will be used to identify the required remediation and restoration programs, as well as the assignment of remediation and restoration costs. At this time, the commitments of the cooperating parties will apply only to the study. For those who choose not to cooperate, EPA may apply the CERCLA enforcement process, pursuant to Sections 106(a) and 107(a) of CERCLA, 42 U.S.C. §9606(a) and §9607(a) and other laws.

You may become a cooperating party by participating in the Cooperating Parties Group ("Group") that has already formed to provide EPA's funding for the Lower Passaic River Restoration Project. This cooperative response is embodied in an Administrative Order on Consent ("AOC"), copy enclosed. Notice of the AOC was published in the Federal Register on May 19, 2004, and the effective date of the AOC was June 22, 2004. We strongly encourage you to contact the Group to discuss your participation. You may do so by contacting:

William H. Hyatt, Esq.
Common Counsel for the Lower Passaic River Study Area Cooperating Parties Group
Kirkpatrick & Lockhart LLP
One Newark Center, 10th Floor
Newark, New Jersey 07102
(973) 848-4045
whyatt@kl.com

Written notification should be provided to EPA and Mr. Hyatt documenting your intention to join the Group and settle with EPA no later than 30 calendar days from your receipt of this letter. It is EPA's intent to amend the AOC at a later date to reflect the settlement negotiations. EPA's written notification should be mailed to:

Kedari Reddy, Assistant Regional Counsel
Office of Regional Counsel
U.S. Environmental Protection Agency
290 Broadway - 17th Floor
New York, New York 10007-1866

Pursuant to CERCLA Section 113(k), EPA must establish an administrative record that contains documents that form the basis of EPA's decision on the selection of a response action for a site. The administrative record files, which contain the documents related to the response action selected for this Site are located at EPA's Region 2 office (290 Broadway, New York, NY) on the 18th floor. You may call the Records Center at (212) 637-4308 to make an appointment to view the administrative record for the Diamond Alkali Site, Passaic River.

As you may be aware, on January 11, 2002, President Bush signed into law the Superfund Small Business Liability Relief and Brownfields Revitalization Act. This Act contains several exemptions and defenses to CERCLA liability, which we suggest that all parties evaluate. You may obtain a copy of the law via the Internet at http://www.epa.gov/swerosps/bf/sblrbra.htm and review EPA guidances regarding these exemptions at http://www.epa.gov/compliance/resources/policies/cleanup/superfund.

If you wish to discuss this further please contact Ms. Elizabeth Butler, Remedial Project Manager, at (212) 637-4396 or Ms. Kedari Reddy, Assistant Regional Counsel, at (212) 637-3106. Please note that all communications from attorneys should be directed to Ms. Reddy.

Sincerely yours,

John S. Frisco

for George Pavlou, Director
Emergency and Remedial Response Division

Enclosures

cc: Bill Bryant, Esq.
Vulcan Materials Company

Mr. [illegible] Doug

File
Dm
Reply 1/14

JAMES J. McMAHON
CHAIRMAN
DOMINIC W. CUCCINELLO
VICE CHAIRMAN
CARMINE T. PERRAPATO
BENJAMIN W. GORDON
SAMUEL L. BIBER
COMMISSIONERS

PASSAIC VALLEY SEWERAGE COMMISSIONERS
790 BROAD STREET
NEWARK, N. J. 07102

SEYMOUR A. LUBETKIN
CHIEF ENGINEER
THOMAS E. DURKIN, JR.
ATTORNEY
MRS. CHARLES T. SCHAEDEL
CLERK-TREASURER

January 9, 1970

RECEIVED IN THE DIVISION OF
CLEAN AIR AND WATER
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DIV. O
DEPARTMENT OF HEALTH

State Department of Health
Division of Clean Water
John Fitch Plaza
P. O. Box 1540
Trenton, New Jersey 08625

Gentlemen:

The Passaic Valley Sewerage Commissioners would like to know the status of the Vulcan Material Company, 600 Doremus Avenue, Newark, New Jersey.

As you know, they discharge polluting material from their plant into Newark Bay. This material goes past the Commissioners' dock and many times the Commissioners are blamed for this pollution.

Very truly yours,

PASSAIC VALLEY SEWERAGE COMMISSIONERS

S. A. Lubetkin

S. A. Lubetkin
Chief Engineer

SAL/kr

cc: Messrs. Andolino, Barcellona,
Cuccinello, and Goldberg

Mr Segesser Dory

File
Dm—
Apl 7

JAMES J. McMAHON
CHAIRMAN

[illegible] W. CUCCINELLO
VICE CHAIRMAN

CARMINE T. FERRAPATO
BENJAMIN W. GORDON
[illegible]
COMMISSIONERS

PASSAIC VALLEY SEWERAGE COMMISSIONERS
790 BROAD STREET
NEWARK, N. J. 07102

SEYMOUR A. LUBETKIN
CHIEF ENGINEER

THOMAS E. DURKIN, JR.
ATTORNEY

MRS. CHARLES T. SCHAEDEL
CLERK-TREASURER

January 9, 1970

JAN 14 1970

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DIV. [illegible]
DEPARTMENT OF HEALTH

State Department of Health
Division of Clean Water
John Fitch Plaza
P. O. Box 1540
Trenton, New Jersey 08625

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Very truly yours,

PASSAIC VALLEY SEWERAGE COMMISSIONERS

S. A. Lubetkin

S. A. Lubetkin
Chief Engineer

SAL/kr

cc: Messrs. Andolino, Barcellona,
Cuccinello, and Goldberg

Vulcan Materials Company
CHEMICALS DIVISION / 600 DOREMUS AVENUE • NEWARK, NEW JERSEY 07105 • TELEPHONE 622-4085

April 26, 1972

Passaic Valley Sewerage Commissioners
790 Broad St.
Newark, N. J. 07102

Re: Waste Effluent Survey
Ref. #1 BEO 635

Gentlemen:

We are in receipt of your survey form and letter of April 3, 1972 requesting the completion and return of same.

Our only discharge is the main plant drain discharging into Newark Bay. The application for this discharge is on file with the U.S. Army Corps of Engineers.

We have no direct discharges to any sewer systems, rivers, or streams.

Please contact the writer should you require additional details or information.

Sincerely,

Raymond M. Gilliam

Raymond M. Gilliam
Process Engineer

RG:bb

Vulcan Materials Company

CHEMICALS DIVISION / 600 DOREMUS AVENUE • NEWARK, NEW JERSEY 07105 • TELEPHONE 622-4085

April 26, 1972

Passaic Valley Sewerage Commissioners
790 Broad St.
Newark, N. J. 07102

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Please contact the writer should you require additional details or information.

Sincerely,

Raymond M. Gilliam

Raymond M. Gilliam
Process Engineer

RG:bb

Return to:
PASSAIC VALLEY SEWERAGE COMMISSIONERS
790 Broad Street
Newark, N. J. 07102

Date: June 20, 1972

Plant Ref. No. 1BE0635

WASTE EFFLUENT SURVEY

(For Industries Served by the Passaic Valley Sewerage Commissioners)

Plant Name: Vulcan Materials Company, Chemicals Division

Address: 600 Doremus Avenue, Newark, N. J. Zip 07105

Person and Title to whom any further inquiries should be directed:
Mr. Leon Steckley, Plant Manager

Phone No.: 201-589-4085

Number of Employees: 150

Number of Working Days Per Week: 7

Number of Shifts Per Day: 3

Area of Property: 29 Acres, or Sq. Ft.

Type of Industry and 4 digit U. S. Standard Industrial Classification No.:
SIC 2812 SIC 2818

Finished Product(s): chlorine, caustic, methylene chloride, chloroform

Average Production: 110 tons/day, 120 tons/day, 65 tons/day, 15 tons/day

Raw Materials Used: Rock salt, Electricity, Methanol

Brief Description of Operations: Chlorine and caustic are produced by the electrolysis of sodium chloride brine solution. Methylene chloride is produced by the thermal chlorination of methyl chloride. By-product hydrogen chloride is reacted with methanol to produce methyl chloride.

Water received in *Gallons* (Note: multiply cu. ft. x 7.48)

Purchased water in 1971 from: City of Newark

1st Quarter 40,000,000

2nd Quarter 15,200,000

3rd Quarter 54,900,000

4th Quarter 24,100,000

Total Purchased 1971: 134,200,000

Well Water

1st Quarter

2nd Quarter

3rd Quarter

4th Quarter

Total well water received in 1971: NONE

Newark Bay ~~River~~ Water (Based on an average use of 10,000 gallons per min.)

1st Quarter 1,296,000,000

2nd Quarter 1,310,400,000

3rd Quarter 1,324,800,000

4th Quarter 1,324,800,000

Total river water taken in in 1971: 5,256,000,000

TOTAL OF ALL WATER RECEIVED IN 1971: 5,390,000,000

Bay water is used for cooling purposes. Minor variations may change its quality due to ground drainage or leaks.

Water Use in 1971:

Water to Product (include evaporated and lost water): 3,300,000

Water to Sanitary Sewer: 0

Water to ~~Storm Sewer, River or Ditch~~ :Newark Bay: 5,387,000,000

TOTAL WATER USE IN 1971: 5,390,000,000

Name of River, Stream, or Tributary, and location of storm sewer or ditch outlet to river, stream, or tributary: Newark Bay

ANSWER THE FOLLOWING QUESTIONS ONLY IF THE PLANT WASTE INCLUDES WASTE ATTRIBUTABLE TO INDUSTRIAL OPERATIONS

(Note: Analyses should be based on a 24-hour composite sample)

*See Remarks below

Characteristics of Plant Waste discharged to sanitary or combined sewer, after treatment if any. Indicate units of measure where applicable (e.g. Mg/l).

a) pH: .... b) Turbidity: ....

c) Temperature: .... d) Radioactive? Yes .... No ....

e) Solids Concentration:

1) Total Solids .... Volatile .... Mineral ....

2) Suspended Solids .... Volatile .... Mineral ....

f) Oil and Grease Concentration:

1) Floatable Oils ....

2) Emulsified Oils ....

g) Chlorides ....

h) Chemical Oxygen Demand (C.O.D.): ....

i) 5-day Bio-chemical Oxygen Demand (B.O.D.): ....

j) Total organic carbon (T.O.C.): ....

k) Metallic Ions—Name and concentration (Important—list each metal in waste, e.g., chromium hex. and triv. Antimony, Lead, Mercury, Copper, Vanadium, Nickel; give concentration and total daily discharge of each metal.)

....

....

l) Toxic Material—Name and concentration e.g., cyanide salts, etc.): ....

....

m) Solvents—Name and concentration: ....

....

n) Resins—Name and concentration (Lacquers, Varnishes, Synthetics): ....

....

o) Date and time span of sample ....

Explain hours, method of discharge of waste to Sanitary Sewer and peak rate of flow, e.g., (continuing for 8 hours per day, 5 days per week at 100 gal./day rate) (batch twice a day for 20 minutes at 100 gal./min.) (Continuous 24 hours steady or with peaks at 2 P.M., peak rate 3 M.G.D.) etc.

* Vulcan Materials Co., Chemicals Division is not connected to the Passaic Valley Sewer System. Sanitary disposal enters underground septic tanks installed by the former owner, Kolker Chemical Corp.

Newark Bay

Characteristics of Plant Discharge to ~~Storm Sewer, River, or Ditch~~, after treatment if any. Indicate units of measure where applicable (e.g., Mg/l).

a) pH: 6.5 - 8.5

b) Turbidity: 16 by New Jersey EPA 4/27/72

c) Temperature: 60° - 100°

d) Radioactive? Yes ______ No X

e) Solids Concentration: NOTE: ALL CONCENTRATIONS ARE Mg/l

1) Total Solids 10,976 Volatile 832 Mineral 10,144

2) Suspended Solids 80 Volatile - - Mineral 80

f) Oil and Grease Concentration:

1) Floatable Oils 0

2) Emulsified Oils 0

g) Chlorides 3,152

h) Chemical Oxygen Demand (C.O.D.): 304

i) 5-day Bio-chemical Oxygen Demand (B.O.D.): 62 (21 by N.J. EPA 4/27/72)

j) Total Organic Carbon (T.O.C.): 28

k) Metallic Ions—Name and concentration (Important—list each metal in waste, e.g., chromium hex. and triv. Antimony, Lead, Mercury, Copper, Vanadium, Nickel; give concentration and total daily discharge of each metal.): These metals are also present in the intake stream, Newark Bay. Effluent stream--Calcium 137, Chronium 37, Iron 3, Lead 0.5, Magnesium 688, Sodium 1035, Zinc 1.2.

l) Toxic Material—Name and concentration (e.g., cyanide salts, etc.): NONE

m) Solvents—Name and concentration: Methylene chloride 2.5
Chloroform 2.0

n) Resins—Name and concentration (Lacquers, Varnishes, Synthetics): NONE

o) Date and time span of sample: Samples taken 8/30/71 and 2/10/72

Do you pretreat any waste before discharge? Yes

If so, describe process and disposal of residue removed: pH of main effluent stream is adjusted automatically by a pH controller and the addition of caustic soda to maintain pH 6.5 - 8.5. Also spent sulfuric acid is segregated and taken away by truck for other uses.

Certification of Laboratory doing sampling and making analyses shall be given. Procedures shall be those shown in the 13th edition of Standard Methods for the Examination of Water and Wastewater, where applicable. If no procedure is applicable, the laboratory is to describe method and procedure used in analyses.

Laboratories used:
Vulcan Materials Co.
Mogul Corporation

R. Gilliam

Signature and title of person preparing report
R. Gilliam
Senior Process Engineer

Vulcan Materials Company

CHEMICALS DIVISION / 600 DOREMUS AVENUE • NEWARK, NEW JERSEY 07105 • TELEPHONE 622-4085

June 28, 1972

Passaic Valley Sewerage Commissions
790 Broad Street
Newark, New Jersey 07102

Re: Waste Effluent Survey
Ref. #1 BEO 635

Gentlemen:

In reviewing a copy of our Waste Effluent Survey which was mailed to you on June 22, 1972, I find an error on page #4.

Item K Metallic Ions. Chronium 37 should read chromium .037.

Will you please see that the correction is made on your copy(ies).

Thank you.

R. Gilliam

R. Gilliam
Senior Process Engineer

cc: W. Waldau
Stryker, Tams & Dill
33 Washington Street
Newark, N. J. 07102

Return to:
PASSAIC VALLEY SEWERAGE COMMISSIONERS
790 Broad Street
Newark, N. J. 07102

Date: June 20, 1972

Plant Ref. No. 1BE0635

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(Note: Analyses should be based on a 24-hour composite sample)

*See Remarks below

Characteristics of Plant Waste discharged to sanitary or combined sewer, after treatment if any. Indicate units of measure where applicable (e.g. Mg/l).

a) pH: b) Turbidity:

c) Temperature: d) Radioactive? Yes No

c) Solids Concentration:

1) Total Solids Volatile Mineral

2) Suspended Solids Volatile Mineral

f) Oil and Grease Concentration:

1) Floatable Oils

2) Emulsified Oils

g) Chlorides

h) Chemical Oxygen Demand (C.O.D.):

i) 5-day Bio-chemical Oxygen Demand (B.O.D.):

j) Total organic carbon (T.O.C.):

k) Metallic Ions—Name and concentration (Important—list each metal in waste, e.g., chromium hex. and triv. Antimony, Lead, Mercury, Copper, Vanadium, Nickel; give concentration and total daily discharge of each metal.)

l) Toxic Material—Name and concentration e.g., cyanide salts, etc.):

m) Solvents—Name and concentration:

n) Resins—Name and concentration (Lacquers, Varnishes, Synthetics):

o) Date and time span of sample

Explain hours, method of discharge of waste to Sanitary Sewer and peak rate of flow, e.g., (continuing for 8 hours per day, 5 days per week at 100 gal./day rate) (batch twice a day for 20 minutes at 100 gal./min.) (Continuous 24 hours steady or with peaks at 2 P.M., peak rate 3 M.G.D.) etc.

* Vulcan Materials Co., Chemicals Division is not connected to the Passaic Valley Sewer System. Sanitary disposal enters underground septic tanks installed by the former owner, Kolker Chemical Corp.

Characteristics of Plant Discharge to Newark Bay ~~Storm Sewer, River, or Ditch~~, after treatment if any. Indicate units of measure where applicable (e.g., Mg/l).

a) pH: 6.5 - 8.5 b) Turbidity: 16 by New Jersey EPA 4/27/72

c) Temperature: 60° - 100° d) Radioactive? Yes .... No X

e) Solids Concentration: NOTE: ALL CONCENTRATIONS ARE Mg/l

1) Total Solids 10,976 Volatile 832 Mineral 10,144

2) Suspended Solids 80 Volatile - - Mineral 80

f) Oil and Grease Concentration:

1) Floatable Oils 0

2) Emulsified Oils 0

g) Chlorides 3,152

h) Chemical Oxygen Demand (C.O.D.): 304

i) 5-day Bio-chemical Oxygen Demand (B.O.D.): 62 (21 by N.J. EPA 4/27/72)

j) Total Organic Carbon (T.O.C.): 28

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Chloroform 2.0

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Certification of Laboratory doing sampling and making analyses shall be given. Procedures shall be those shown in the 13th edition of Standard Methods for the Examination of Water and Wastewater, where applicable. If no procedure is applicable, the laboratory is to describe method and procedure used in analyses:

Laboratories used:
Vulcan Materials Co.
Mogul Corporation

R. Gilliam

Signature and title of person preparing report
R. Gilliam
Senior Process Engineer

INLAND CHEMICAL

Inland Chemical Corporation
Corporate Headquarters
1810 Magnavox Way
Fort Wayne, Indiana
46804
219/432-5541

out of District

600 Doremus Ave.
Newark, N.J.

August 8, 1975

John W. Kinder, Industrial Agent
Passaic Valley Sewerage Commissioners
600 Wilson Avenue
Newark, New Jersey 07105

Dear Mr. Kinder:

I have just received a copy of your letter dated July 28 addressed to the Vulcan Materials Company, at 600 Doremus Avenue, Newark, New Jersey. Inland Chemical Corporation purchased the property referred to in the letter in May 1974. Vulcan continued to operate that plant for us for a period of time. Inland now operates the plant, having shut down the caustic chlorine operation and the C-1 process operation in the interim time.

In your letter, you referred to a waste effluent survey form sent by your agency through the mail. We do not have these forms to which you refer in your letter. In order to complete them, of course, we will have to have them. Please send them directly to my attention and I will see that they are handled properly.

In your letter, you also state that it is necessary that you determine the strength and character of our effluent as well as all other industrial effluent with the Passaic Valley Sewage District. Inland Chemical Corporation does not discharge into the City sewers, nor to the Passaic Valley wastewater network. Our discharges are into Newark Bay. These discharges, of course, are being monitored by the Federal Environmental Protection Agency out of the New York City offices. Several reports are submitted to the Federal EPA in accordance with the requirements.

Sincerely,

John R. Berger
Vice President - Research and Development

CC: F. V. Kinsella
Ray Gilliam
L. W. Grish
Uly Marini

JRB:
WPC/rb

Facilities
Cleveland, Ohio
Ft. Lauderdale, Fla.
Ft. Wayne, Indiana
Juneau, Wisconsin
Lima, Ohio
Manati, Puerto Rico
Oneida, New York
Orange, California
South Bend, Indiana
Toledo, Ohio

New York Times 11/16/61

SALES AND MERGERS

Vulcan Materials

The Vulcan Materials Company has purchased for an undisclosed amount of cash all of the capital stock of the privately-owned Kolker Chemical Corporation, Newark, N. J., it was announced yesterday.

Kolker Chemical owns a chlorine-caustic plant and extensive facilities for the production of methyl chloride, methylene chloride, chloroform, and other chlorine products in Newark.

Bernard A. Monaghan, president of Vulvan, said that Kolker would be operated as a wholly-owned subsidiary of Vulcan, in close association with Vulcan's Frontier Chemical Company division. Product lines of Kolker augment and complement the product lines of Frontier.

In addition to its chemical business, Vulcan is an important producer and supplier of aggregates and other construction materials. It has headquarters in Birmingham, Ala.

Gordon Jewelry

Gordon Jewelry Corporation, a retail jewelry chain operating ninety-nine stores, has signed contractual papers to purchase the Morris chain of jewelry stores, it was announced yesterday. The formal closing is expected next month. The purchase price was not disclosed. The Morris chain, with headquarters in Pennsylvania, operates thirteen stores. Gordon operates its stores in the South and in Puerto Rico.

Hallicrafters Co.

Hallicrafters Company, Chicago electronics producer, announced yesterday that it had arranged to acquire all the stock of Manson Laboratories, Inc., of Stamford, Conn. The acquisition will involve an undisclosed amount of stock. Hallicrafters plans to operate the Stamford electronics concern as a subsidiary.

Ahead for No. 3

The Jersey meadows—long known to travelers between Newark and Jersey City for the odoriferous Secaucus pig sties—are also famous for their concentration of chemical plants. This week, an old hand in the meadows has a new company about ready to begin operation there.

The old hand: Lee Kolker. The new company: Kolker Chemical Corp., which will produce methylene chloride, chloroform and tricresyl phosphate.

There is, of course, nothing unusual in these products. The atypical feature is that the company is the third that Kolker has owned during the past 10 years. Each previous one was sold to a larger concern.

His first was Elko Chemical, a Pittstown, N.J., manufacturer of DDT. In Jan. '45, this company's plant and assets were bought by Pennsylvania Salt.

Kolker then decided to leave chemicals, but some months later, felt his niche was in the chemical field after all. He founded the Kolker Chemical Works in Newark with more than just friendly assent from Pennsalt; much of the early DDT production of the new company went to Pennsalt. Kolker expanded to produce a broad line of agricultural chemicals; the original works was supplemented by a plant at Houston, Tex. This concern was acquired by Diamond Alkali (*CW, Aug. 11, '51*) via an exchange of stock. This gave Kolker what is now 67,000 shares of Diamond, ranking him among its large stockholders.

KCW became Diamond's organic division, and Lee Kolker remained with the division for about a year before venturing out again. His new Kolker Chemical Corp. (Diamond was no longer using the name Kolker) is noncompetitive with Diamond's ag chemical line, though it does compete with later-acquired Belle Alkali.

As with previous enterprises, the new one has more than one Kolker in active management. Brother Charles Kolker also moved over from Diamond to take charge of production.

Taxes and a Reason: Building and bartering such a string of businesses can prove mighty attractive from a tax standpoint, since capital gains are taxed at half the rate charged against ordinary income. But the realization of gains can only result from building a successfull business in the first place.

Kolker observes that most of the troubles a new company faces can be summarized neatly: undercapitalization and lack of technical know-how.

- Undercapitalization. Money, of course, has always been a problem to the neophyte businessman. Currently, the tax situation for many lenders discourages loans with, as Kolker puts it, "more than zero risk." Any man starting a new company needs access to long-term funds in addition to his at-hand capital. Otherwise, he may find himself a stockholder and employee, with others controlling his business.

KOLKER: Two keys, three companies.

Unlike fellow entrepreneur T. E. Wannamaker (*CW, Apr. 11*) who, somewhat facetiously defines adequate capital as "twice the amount that can possibly be raised," Kolker sets no definite goals. He feels, though, that many persons aren't realistic in determining whether or not to go ahead. "Fancy dreams and romance may attract capital from a few people, but it's a good deal better to think of a smaller gain from making a known and accepted product."

Kolker also sees a danger in rushing into production. "Many companies that otherwise would have succeeded have floundered by attempting to sell a product that's substandard because they're running out of time and capital."

- Lack of technical know-how. States Kolker: "Virtually all of my own past problems have originated through lack of know-how and skill in manufacturing. Most people shun such an admission. Their trials and tribulations are always due to competition, business conditions or what have you."

Another danger, in Kolker's eyes, is trying to launch production too soon. "Too many people get into business determined to start out big. They bypass pilot-planting and plunge in full-scale."

Other Pitfalls: Less important, in his opinion, are problems of sales and distribution. His emphasis significantly varies from the opinions of most advisers to new business, but, he admits, perhaps the reason is that sales is his own field. Thus, a production problem could seem more serious to him than to brother Charles, where, in a sales situation, the observations would be reversed.

Lee Kolker doesn't expect his problems to decrease—despite any simple categorization. What about those that come up between now and the November-December target for coming onstream?

"We'll worry when we have to."

An Eye to Anti

Chemical company lawyers, with a view to some 15 antitrust cases involving the industry, are keeping an eye on the Dept. of Justice. Reason: a spate of new trends in antitrust policies is developing.

The most immediate interest centers around dismissal of the department's suit against the Cement Institute and 89 companies, which was filed some eight years ago. The dismissal was attributed by Antitrust Chief Stanley Barnes to the fact that the primary purposes of filing the suit had already been achieved. The institute has been dissolved; basing-point pricing has been ended, as has identical bidding on government contracts.

To some attorneys, this signifies that other cases might also be dropped, if, as here, the major objectives had been attained. Barnes warns, however, that "very few" of the division's present cases can be dismissed this way.

Days at the Round Table: However, another largely unpublicized procedure is being used by Barnes and his staff to speed case settlements. His division, which is about ready to file suit against "a large industry" has invited lawyers for companies involved to "sit around the table"—a clear implication that a court fight might be avoided if the companies would agree to the operational changes that the antitrusters would otherwise demand in court. It savors of "maneuvering the fleet."

According to the Washington grapevine, the group involved is the oil industry, which has been charged with price collusion.

One, Then Many: It's obvious that Barnes and his boss, Attorney General Herbert Brownell, are handling current cases on an individual basis. But last week, they moved one step farther toward a complete review and

---

overhaul of both the ant
and enforcement procedur

At a meeting of the Am
Assn. in Boston, Barnes nan
mittee of nongovernment a
perts who will start work o
been described as "the fi
ment-sponsored review o
policy in 50 years" (*CW,*

The committee—whose m
cludes lawyers, economists
fessors with a diversity of
has already come under p
tack. The committee cc
University of Michigan lav
Chesterfield Oppenheim,
fire of pro-fair trade, pro-s
Congressman Wright P
Texas.

Patman, a co-sponsor of
son-Patman Act (which
price discrimination by a
turer) asserts that Oppenh
ready prejudged the comi
It's "rigged," he says, to
Robinson-Patman and th
laws generally.

Case for Consumers: Che
panies that merchandise p
consumers through wholes
an interest in another ph
antitrust picture.

FTC Chairman Edwar
has named Prof. H. F. T
the University of Michiga
a committee on cost acco
cost justification. This grou
to set up a yardstick to
facturers how much they
cut prices on volume orde
not discriminate against sr
tomers. Howrey feels ther
"mystery and ignorance" on
since it is not specifically
previous administration of
son-Patman Act.

BARNES: Four trends, new

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CONFORMED SUBMISSION TYPE:      10-K
PUBLIC DOCUMENT COUNT:          19
CONFORMED PERIOD OF REPORT:     19931231
FILED AS OF DATE:               19940330

FILER:

        COMPANY DATA:
                COMPANY CONFORMED NAME:                 VULCAN MATERIALS CO
                CENTRAL INDEX KEY:                      0000103973
                STANDARD INDUSTRIAL CLASSIFICATION:     1400
                IRS NUMBER:                             630366371
                STATE OF INCORPORATION:                 NJ
                FISCAL YEAR END:                        1231

        FILING VALUES:
                FORM TYPE:              10-K
                SEC ACT:                34
                SEC FILE NUMBER:        001-04033
                FILM NUMBER:            94518977

        BUSINESS ADDRESS:
                STREET 1:               ONE METROPLEX DR
                CITY:                   BIRMINGHAM
                STATE:                  AL
                ZIP:                    35209
                BUSINESS PHONE:         2058773000

        MAIL ADDRESS:
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                CITY:                   BIRMINGHAM
                STATE:                  AL
                ZIP:                    35253-0187
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FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended December 31, 1993

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from to

Commission file number 1-4033

VULCAN MATERIALS COMPANY
(Exact name of registrant as specified in its charter)

New Jersey	63-0366371
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Metroplex Drive, Birmingham, Alabama 35209
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (205) 877-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant as of February 28, 1994:

Common Stock, $1 Par Value	$1,784,219,068.88

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

	Shares outstanding at February 28, 1994
Common Stock, $1 Par Value	36,511,033

Documents Incorporated by Reference:

Portions of the registrant's Annual Report to Shareholders for the year ended December 31, 1993, are incorporated by reference into Parts I, II and IV.

Portions of the registrant's annual proxy statement for the annual meeting of its shareholders to be held on May 23, 1994, which will be filed within 120 days of the end of the fiscal year covered by this Report, are incorporated by reference into Part III.

VULCAN MATERIALS COMPANY

CROSS REFERENCE SHEET FOR DOCUMENTS INCORPORATED BY REFERENCE

FORM 10-K ITEM NO.	HEADING IN ANNUAL REPORT TO SHAREHOLDERS FOR YEAR ENDED DECEMBER 31, 1993	PAGE IN ANNUAL REPORT
1. Business (Financial Results by Business Segments)	Segment Financial Data	26-27
	Note 11, Segment Data	51
	Note 13, Impairment and Liquidation of Assets	51
2. Properties	Operations Directory	9
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5. Market for the Registrant's Common Equity and Related Stockholder Matters	Common Stock Market Prices and Dividends	28
6. Selected Financial Data	Selected Financial Data	25
7. Management's Discussion and Analysis of Financial Condition and Results of Operations	Management's Discussion and Analysis	29-37
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8. Financial Statements and Supplementary Data	Consolidated Statements of Earnings	40
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HEADING IN PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 23, 1994

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VULCAN MATERIALS COMPANY

FORM 10-K ANNUAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 1993

CONTENTS

PART I

ITEM 1. BUSINESS

Vulcan Materials Company and its subsidiaries (together called the "Company") are principally engaged in the production, distribution and sale of construction materials ("Construction Materials") and industrial chemicals ("Chemicals"). Construction Materials and Chemicals may each be considered both a segment (or a line of business) and a class of similar products. The Company believes it is the nation's leading producer of construction aggregates.

All of the Company's products are marketed under highly competitive conditions, including competition in price, service and product performance. There are a substantial number of competitors in both Construction Materials and Chemicals.

No material part of the business of either segment of the Company is dependent upon a single customer or upon a few customers, the loss of any one of which would have a materially adverse effect on the segment. The Company's products are sold principally to private industry. Although large amounts of construction materials are used in public works, relatively insignificant sales are made directly to federal, state, county or municipal governments, or agencies thereof.

The Company estimates that capital expenditures for environmental control facilities for the current fiscal year (1994) and the succeeding fiscal year

(1995) will be approximately $10,301,000 and $11,820,000, respectively. Environmental and zoning regulations have made it increasingly difficult for the construction aggregates industry to expand existing quarries and to develop new quarry operations. Although it cannot be predicted what policies will be adopted in the future by governmental bodies regarding environmental controls, the Company anticipates that future environmental control costs will not have a materially adverse effect upon its business.

Environmental regulations also have a restrictive effect upon the chemicals industry, both as to production and markets, especially the production of and markets for certain chemicals which are subject to regulation as ozone depleting chemicals. Regulatory developments under current law in the United States ultimately will result in the discontinuance of the production of carbon tetrachloride, which is used to produce chlorofluorocarbons (CFCs), and in the elimination of the market for methyl chloroform for emissive uses. However, the Company's manufacturing flexibility will allow it to manufacture other products without producing carbon tetrachloride and to serve other markets.

The Clinton Administration, through the United States Environmental Protection Agency ("EPA"), has announced that it would seek authorization from Congress to conduct a study over the next three years which would develop a strategy for substituting, reducing, or prohibiting the use of chlorine and chlorinated compounds. The proposed study is one of several Administration recommendations dealing with the reauthorization of the Clean Water Act. It is uncertain whether legislation dealing with chlorine and chlorinated compounds will be enacted or, if enacted, what the terms of such legislation will be. Accordingly, the impact, if any, of any such legislation on the Company's Chemicals business cannot be predicted at this time.

The Company's principal sources of energy are electricity, natural gas and diesel fuel. The Company does not anticipate any material difficulty in obtaining the required sources of energy or in obtaining the raw materials which it uses.

The Company conducts research and development activities for both of its business segments. The Construction Materials research and development laboratory is located near Birmingham, Alabama. The research and development laboratory for Chemicals is located at the Wichita, Kansas, plant site. In general, the Company's research and development effort is directed to applied technological development for the use of its Construction Materials products and for the manufacture or processing of its Chemicals products. The Company spent approximately $5,401,000 in 1991, $5,435,000 in 1992, and $6,073,000 in 1993 on research and development activities for its two business segments.

In 1993, the Company employed an average of approximately 6,300 people. As of December 31, 1993, about 22% of the Company's employees were represented by a number of national unions. The Company considers its relationship with its employees and their various representatives to be good.

Results of any individual quarter are not necessarily indicative of results to be expected for the year, due principally to the effect that weather can have on the sales and production volume of the Construction Materials segment. Normally, the highest sales and earnings of the Construction Materials segment are attained in the third quarter and the lowest are realized in the first quarter.

In 1987, the Company commenced a joint venture known as the Crescent Market Project (the "Project") with a Mexican partner, Grupo ICA, to supply construction aggregates principally to the United States Gulf Coast from a quarrying operation on the Yucatan Peninsula of Mexico through a wholly-owned subsidiary, Vulcan Gulf Coast Materials, Inc. The construction phase of the Project is now complete. Substantially all shipments from the Yucatan quarry are made by two self-unloading vessels owned by the Project.

CONSTRUCTION MATERIALS

The Company's construction aggregates business consists of the production and sale of crushed stone, sand, gravel, rock asphalt and crushed slag (a by-product of steel production). Crushed stone constituted approximately 74% of the dollar volume of the Construction Materials segment's 1993 sales. Construction aggregates of suitable characteristics are employed in virtually all types of construction, including highway construction and maintenance, and in the production of asphaltic and portland cement concrete mixes. They also are widely used as railroad track ballast.

Each type of aggregate is sold in competition with other types of aggregates and in competition with other producers of the same type of aggregate. Because of the relatively high transportation costs inherent in the business, competition is generally limited to the areas in relatively close proximity to production facilities. Noteworthy exceptions are the areas along the rivers served by the Company's Reed businesses, which serve markets located along the Mississippi and Tennessee-Tombigbee river systems and the Gulf Coast, areas served by rail-connected quarries, and the areas along the Gulf Coast served by ocean-going vessels that transport stone from the quarrying operation in Mexico. The Company's construction aggregates are sold principally in portions of most of the southeastern states, portions of Texas, northern and central Illinois, northern Indiana, east central Iowa and southern Wisconsin.

The Company, directly or through joint ventures, operates 128 domestic permanent and portable plants at quarries located in 14 states for the production of crushed limestone and granite with estimated reserves totaling approximately 7.4 billion tons.

The foregoing estimates of reserves are of recoverable stone of suitable quality for economic extraction, based on drilling and studies by the Company's geologists and engineers, recognizing reasonable economic and operating restraints as to maximum depth of overburden and stone excavation. Not included are reserves at the Company's inactive and undeveloped sites.

In 1993, the Company, directly or through joint ventures, operated 13 sand and gravel plants, five slag plants and individual plants producing rock asphalt, mineral filler, pulverized limestone and fine grind products. Estimates of sand and gravel reserves, made on a basis comparable to the estimates of stone reserves set forth above, total approximately 45 million tons.

Other Construction Materials products and services include asphaltic concrete, ready-mixed concrete, trucking services, barge transportation, coal handling services, a Mack Truck distributorship, paving construction, dolomitic lime, emulsified asphalt, industrial sand and several other businesses.

Shipments of all construction aggregates from the Company's domestic operations in 1993 totaled approximately 125 million tons, with crushed stone shipments to customers accounting for 117 million tons.

CHEMICALS

The principal chemicals produced by the Company at its three chloralkali plants described in Item 2, below, are chlorine, caustic soda (sodium hydroxide), muriatic acid, caustic potash (potassium hydroxide) and chlorinated hydrocarbons. In addition, the Company manufactures and sells anhydrous hydrogen chloride and hydrogen. Chlorine and various hydrocarbons (primarily ethylene and methanol) are used to produce the Company's line of chlorinated hydrocarbons, including carbon tetrachloride, methylene chloride, perchloroethylene, chloroform, methyl chloride, ethylene dichloride, methyl chloroform and pentachlorophenol.

In October 1993, the Company authorized the construction of two additional plants at the Port Edwards facility. Construction began in February 1994, on a plant which will produce potassium carbonate. Potassium carbonate is used in the manufacture of screen glass, rubber antioxidants and other chemicals. Construction has also begun on a sodium hydrosulfide plant at Port Edwards. Sodium hydrosulfide is used in the pulp and paper industry as well as others. The potassium carbonate facility is scheduled to be completed during the fourth quarter of 1994. The sodium hydrosulfide facility is scheduled to be completed by the middle of 1994.

In January 1994, the Company acquired the business and assets of Peroxidation Systems Inc., which are being operated through a wholly-owned subsidiary named Vulcan Peroxidation Systems Inc. ("Vulcan PSI"). Vulcan PSI provides equipment, chemicals and services to the municipal, industrial and environmental water treatment markets.

In June 1992, the Company acquired the sodium chlorite business of Olin Corporation ("Olin"). Pursuant to the Acquisition Agreement ("Agreement"), the Company agreed to purchase the total output of the Olin sodium chlorite plant until such time as the Company completed a sodium chlorite plant at its Wichita facility. In February 1994, that plant was completed and, in accordance with the Agreement, the Olin facility will be decommissioned by the middle of 1994.

During 1993, further progress was made by the Company in its evaluation and development of a possible joint venture to produce soda ash. Definitive capital cost estimates were completed and efforts now are focused on obtaining environmental permits.

The Company competes throughout the United States with numerous companies, including some of the largest chemical companies, in the production and sale of its lines of chemicals. The Company also competes for sales to customers located outside of the United States, with sales to such customers currently accounting for approximately 11% of the Company's chemicals sales.

Principal markets for the Company's chemical products and services include pulp and paper, energy, food and pharmaceutical, chemical processing, fluorocarbons and water treatment. Chlorine is used by the paper-making industry in pulp and paper bleaching, while caustic soda is used primarily in the kraft and sulfite pulping process. The Company supplies hydrochloric acid, caustic soda beads, caustic potash and fracturing sand to the energy industry for use in oil well stimulation and gas extraction. Caustic soda also is used to demineralize water for steam production at electrical energy facilities and to remove sulfur from gas and coal. Hydrochloric acid, caustic soda, methylene chloride and caustic potash are used by the food and pharmaceutical industries. The Company's sales to the chemical processing industry serve companies that produce organic and inorganic chemical intermediates and finished products ranging from clay-based catalysts to agricultural herbicides. Products sold to this market include hydrochloric acid, caustic soda beads, chlorine and liquid caustic soda. The Company sells carbon tetrachloride, perchloroethylene, chloroform and methyl chloroform to the fluorocarbons market. The Company's chlorine also is used in water and sewage treatment, and its caustic soda and caustic potash are used in the production of soaps and detergents. Sodium chlorite is used as a water disinfection and purification chemical where it has strong positions in both municipal and industrial markets. It also is used as an industrial bleaching agent, in cleaning applications for the electronics industry, as a biocide in the fruit processing industry and in various applications in the oil industry. Vulcan PSI markets equipment, chemicals, and services for the purification and decontamination of water and the control of hydrogen sulfide accumulations in wastewater treatment facilities. Calcium chloride, produced at the Company's Wichita complex, has a multitude of uses including de-icing of roads, dust control, road stabilization and oil well completion.

The Company's underground reserves of salt, which is a basic raw material in the production of chlorine and caustic soda, are located at or near its Wichita, Kansas, and Geismar, Louisiana, plants. The Company purchases salt for its Port Edwards, Wisconsin, plant. Ethylene and methanol, the other major raw materials used in the Company's Chemicals operations, are purchased from several different suppliers. Sources of salt, ethylene and methanol are believed to be adequate for the Company's operations.

The Company is subject to the corrective action requirements of the Resource Conservation and Recovery Act ("RCRA"). Under these requirements, the EPA must identify facilities subject to RCRA's hazardous waste permitting provisions where practices in the past have caused releases of hazardous waste or constituents thereof. The owner of any such facility is then required to conduct a Remedial Facility Investigation ("RFI") defining the nature and extent of any such releases described by the EPA. If the RFI results determine that constituent concentrations from any such release exceed action levels specified by the EPA, the facility owner is further required to perform a Corrective Measures Study ("CMS") identifying feasible technological alternatives for addressing these releases. Depending upon the results reported to the EPA in the RFI and CMS, the EPA subsequently may require Corrective Measures Implementation ("CMI") by the facility owner - essentially, implementation of a cleanup plan developed by the EPA based on the RFI and CMS.

The Company expects to incur RFI/CMS costs over the next several years at its Geismar, Port Edwards and Wichita Chemicals manufacturing facilities. For each of these three facilities, the RFI/CMS results will determine whether the EPA subsequently requires CMI to address releases at the facility, and the scope and cost of any such CMI. With respect to those RFI/CMS costs that currently can be reasonably estimated, the Company has determined that its accrued reserves are adequate to cover such costs. However, the total costs which ultimately may be incurred by the Company in connection with discharging its obligations under RCRA's corrective action requirements cannot reasonably be estimated at this time.

FINANCIAL RESULTS BY BUSINESS SEGMENTS

Net sales, earnings, identifiable assets and related financial data for each of the Company's business segments for the three years ended December 31, 1993, are reported on page 51 (Note 11 of the Notes to Financial Statements) and on pages 26 and 27 (under the caption "Segment Financial Data") in the Company's 1993 Annual Report to Shareholders, which pages are incorporated herein by reference.

ITEM 2. PROPERTIES

CONSTRUCTION MATERIALS

The Company's current estimate of approximately 7.4 billion tons of stone reserves is approximately 150 million tons less than the estimate reported at the end of 1992. Although increases in the Company's reserves have resulted from the acquisition of quarry sites in Tennessee and Texas, these increases have been more than offset by 1993 production tonnage and revisions in mining plans. Management believes that the quantities of reserves at the Company's stone quarries are sufficient to result in an average quarry life of more than 65 years at present operating levels.

The locations of the Company's domestic stone quarries are shown on page 9 of the Company's 1993 Annual Report to Shareholders, which page is incorporated herein by reference. Of the 128 domestic stone quarries which the Company operates directly or through joint ventures, 37 are located on owned land, 23 are on land owned in part and leased in part, and 68 are on leased land. While some of the Company's leases run until reserves at the leased sites are exhausted, generally the Company's leases have definite expiration dates which range from 1994 to 2085. Most of the Company's leases have options to extend them well beyond their current terms.

Due to transportation costs, the marketing areas for most quarries in the construction aggregates industry are limited, often consisting of a single metropolitan area or one or more counties or portions thereof. The following table itemizes the Company's 10 largest active stone quarries in terms of the quantity of stone reserves, with nearby major metropolitan areas shown in parentheses:

<TABLE>
<CAPTION>

Location	Product	Estimated Years of Life At Average Rate Of Production*	Nature of Interest And Lease Expiration Date**	
<S>	<C>	<C>	<C>	<C>
McCook (Chicago), Illinois	Limestone	98	Owned	

Paducah, Kentucky	Limestone	50	Leased	***
Grayson (Atlanta), Georgia	Granite	Over 100	Owned	
Gray Court (Greenville), South Carolina	Granite	Over 100	Owned	
Warrenton, Virginia (Washington, D. C.)	Diabase	Over 100	Leased	***
Kennesaw (Atlanta), Georgia	Granite	75	75% Owned 25% Leased	 2013
Skippers, Virginia	Granite	Over 100	Leased	2016
Stafford, Virginia	Granite	Over 100	Owned	
Lawrenceville (Norfolk/Virginia Beach), Virginia	Granite	89	25% Owned 75% Leased	 2014
Dalton, Georgia	Limestone	Over 100	Leased	2085

<FN>

* Estimated years of life of stone reserves are based on the average annual rate of production for the most recent three-year period, except for reserves acquired or reactivated during that period, in which case the estimated years of life are based on a shorter period. Revisions may be necessitated by such occurrences as changes in zoning laws governing quarry properties, changes in stone specifications required by major customers and passage of government regulations applicable to quarry operations. Estimates also are revised when and if additional geological evidence indicates that a revision is necessary.

** Renewable through date shown.

*** Lease does not expire until reserves are exhausted. Surface rights at the Paducah, Kentucky, quarry are owned.
</TABLE>

The locations of the 13 sand and gravel operations which the Company operates directly or through joint ventures are shown on page 9 of the Company's 1993 Annual Report to Shareholders, which page is incorporated herein by reference. The estimated average life of these operations, calculated in the same manner as in the chart set out above, is approximately 9 years. Approximately 52% of the Company's estimated 45 million tons of sand and gravel reserves are located on owned land, with the remaining 48% located on leased land.

CHEMICALS

Facilities for the production of chemicals are owned and operated by the Company at Wichita, Kansas; Geismar, Louisiana; and Port Edwards, Wisconsin. Vulcan PSI leases its headquarters in Tucson, Arizona, as well as eleven offices in nine other states and one in Langen, Germany. With a few exceptions, the Geismar and Wichita facilities produce the full line of products manufactured in the Company's Chemicals business. The Port Edwards plant produces chlorine, caustic soda, muriatic acid and caustic potash.

All of the plant facilities at Wichita are located on a 1,396-acre tract of land owned by the Company. The facilities are situated approximately 10 miles southwest of Wichita. Mineral rights for salt are held by the Company under two leases that are automatically renewable from year to year unless terminated by the Company and under several other leases which may be kept in effect so long as production from the underlying properties is continued. The Company operates an electric power cogeneration facility at the Wichita plant site which generates approximately one-third of the plant's electricity and two-thirds of its process steam requirements. In addition, the Company owns 160 acres of water reserves and 320 acres of salt reserves.

The facilities at Geismar, Louisiana, are located on a 1,126-acre tract of land owned by the Company. Included in the facilities at the Geismar plant is an electric power cogeneration facility owned by the Company which supplies substantially all of the electricity and process steam required by the plant. Mineral rights for salt are held under a long-term lease expiring in 1997 with an option to renew for an additional 10 years.

The plant facilities at Port Edwards, Wisconsin, are located on a 25-acre tract of land, the surface rights to which are owned by the Company. Currently, the Company purchases its salt requirements for the Port Edwards facility from regional sources of supply.

The Company's Chemicals facilities are designed to permit a high degree of flexibility as to feedstocks, product mix and by-product ratios; therefore, actual plant production capacities vary according to these factors. Management does not believe, however, that there is material excess in production capacity at the Company's Chemicals facilities.

OTHER PROPERTIES

The Company's corporate offices are located in an office complex near Birmingham, Alabama. Headquarters staff of the Chemicals and Southern divisions, and of Vulcan Gulf Coast Materials, Inc., also are located in this complex. The space is occupied pursuant to a lease which runs through December 31, 1998. The Company has the option of extending this lease for two five-year periods. The Company's space in this complex is leased at an approximate annual rental, as of December 31, 1993, of $1,131,000, which is subject to limited escalation.

ITEM 3. LEGAL PROCEEDINGS

The Company is a defendant in various lawsuits incident to the ordinary course of business. It is not possible to determine with precision the probable outcome or the amount of liability, if any, under these lawsuits; however, in the opinion of the Company and its counsel, the disposition of these lawsuits will not adversely affect the consolidated financial statements of the Company to a material extent.

In the course of its Construction Materials and Chemicals operations, the Company is subject to occasional governmental proceedings and orders pertaining to occupational health and safety and protection of the environment, such as proceedings or orders relating to noise abatement, air emissions or water discharges. As part of its continuing program of environmental stewardship, however, the Company has been able to resolve such proceedings and to comply with such orders without any materially adverse effect on its business.

In May 1985, the Company received a letter from the United States Environmental Protection Agency ("EPA") regarding remedial actions at a chemical waste disposal site located in Ascension Parish, Louisiana. Records indicate that the Company generated a portion of the waste placed at the site and the EPA has deemed the Company a potentially responsible party ("PRP") with respect to the site under the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"). On September 30, 1988, the EPA issued a Unilateral Administrative Order ("UAO") to the Company and other respondents. This UAO purported to require the respondents to clean up the site in accordance with a remedial plan developed by EPA's contractor. On February 5, 1991, following a review and revision process by the EPA, the EPA issued a revised UAO which included its final remedial plan. This revised UAO named the same respondents, including the Company, that were named in the EPA's initial UAO. In a letter dated April 9, 1991, the Company and three other companies that also generated waste placed at the site gave notice to the EPA that the signatory companies intend to comply with all lawful terms and conditions of the revised UAO.

In December 1988, the Company and other PRPs received a letter from the EPA demanding reimbursement for approximately $1,540,000 in past costs and administrative expenses incurred by the EPA in connection with the foregoing matter. Effective June 8, 1992, the Company and other PRPs entered into a Site Participation Agreement ("Agreement") allocating among the parties those costs which are anticipated to be incurred or which might be incurred in connection with the remediation activity at the site and those costs which may be recovered by the EPA or other agencies in connection with their past response work or oversight work at the site. Moreover, in June 1992, the EPA orally informed the Company and other PRPs that it would seek to recover its response and oversight costs incurred to date, and toward that end has made a supplemental Information Request, pursuant to Section 104(e) of CERCLA, seeking information to support such recovery of costs. The Company responded to the supplemental Information Request on July 14, 1992. The demand by EPA for recovery of costs includes the amount previously demanded from the Company and the other parties in December 1988.

Cleanup of the site will take an extended period, but the majority of the costs likely will be incurred in the first three years after commencement of site work, which began in late 1992. It is estimated that the parties, including the Company, to the aforementioned Agreement will incur a total cost of $34,700,000 to perform the work required by EPA's final remedial plan and payment of the EPA's past costs.

The Company has reviewed this cost estimate and the information currently available to the Company relative to EPA's most recent request for recovery of its costs. On the basis of this review and the information currently available, the Company has determined that its accrued reserve should be adequate to cover its allocated share of currently anticipated site remediation costs and those response and oversight costs which may be recovered by the EPA. The Company will continue to review relevant cost information as it becomes available, particularly information relative to the EPA's request for recovery of its costs. The Company has begun to make payments from its accrued reserve pursuant to the Agreement.

In June 1986 and December 1989, lawsuits were filed in Louisiana federal and state courts by over 100 people who live in the vicinity of the above-described waste disposal site and who claimed damages for mental anguish, personal injuries and/or diminution in property value as a result of alleged releases from said site. These suits named as defendants the owners and operators of the site and 17 chemical companies, including the Company, alleged to have contributed some part of the waste at the site. The lawsuits were consolidated into a single action in the United States District Court for the Middle District of Louisiana. All claims in the consolidated action subsequently either were dismissed or settled prior to trial, except that the heirs of a deceased plaintiff have reserved the right later to file a wrongful death action.

The Company has received a letter dated August 2, 1991, from the State of New Jersey Department of Environmental Protection and Energy ("NJDEPE") concerning a site located in Newark, New Jersey, which the Company previously owned and upon which the Company operated a chemicals production facility from the early 1960s until 1974. The NJDEPE's letter contends that hazardous substances and pollutants contaminate the site and that a Remedial Investigation/Feasibility Study ("RI/FS") is required in order to determine the nature and extent of such contamination and to develop a remedial action plan with respect thereto.

The Company has conducted a preliminary investigation with respect to this matter and the merits of the NJDEPE's contentions. Based upon its preliminary investigation and review, in a September 18, 1991, letter to the NJDEPE, the Company questioned the factual and legal bases for the NJDEPE's contention that the Company should bear some responsibility for remediating the site and asked the NJDEPE to reconsider its tentative position and decide that the Company should not be a responsible party at this site.

On November 11, 1991, the Company received from the NJDEPE "a Directive and Notice to Insurers" (the "Directive"). It is not clear that the Directive was intended to be directly responsive to the factual and legal assertions made by the Company in its letter to the NJDEPE dated September 18, 1991. In this Directive, nevertheless, the NJDEPE purports to direct the Company to pay within thirty (30) days to the NJDEPE $1,000,000 to be used by the NJDEPE to conduct an RI/FS at the site. The NJDEPE also asserts that it may have the right to cause a lien to be placed against the real and personal property of the Company to secure the payment of any such amounts. If the Company fails to comply with the Directive, and it is later determined that the Company did not have sufficient grounds for such non-compliance, the Company could be subject to liability in an amount equal to three times the cost of the work performed by the NJDEPE and statutory penalties in an amount not to exceed $50,000 per day. Although the NJDEPE has not withdrawn its Directive, the NJDEPE has informally agreed that it will not need to enforce its Directive as long as the Company participates in the RI/FS for this site.

On August 20, 1993, two other allegedly responsible parties, Safety-Kleen Environsystems Company and Bristol-Meyers Squibb Company (collectively, the "Respondents"), entered into an Administrative Consent Order ("ACO") issued by the NJDEPE concerning the site. The ACO contains certain findings of fact by the NJDEPE and enforceable provisions governing the conduct by the Respondents of an RI/FS for the site and remedial actions, if any, resulting therefrom.

Under a separate agreement with Respondents and certain successors, the Company will share in the cost of the RI/FS. The Respondents estimate a cost of $250,000 to complete the RI. The cost of the FS depends upon the results of the RI.

Depending, in turn, upon the results of the RI/FS, it is possible that the NJDEPE will require site remediation under the ACO. In that event, it is also possible that the Respondents or the NJDEPE will assert that the Company should bear some responsibility in connection with such remediation. At this time, however, it is impossible to predict the ultimate outcome of this matter.

The Company received a letter dated October 21, 1991, from Chevron USA, Inc. ("Chevron"), in which Chevron contends that hazardous substances and pollutants contaminate a site owned by Chevron and located in Woodbridge Township, Middlesex County, New Jersey. The Company sold the site to Chevron in 1958 and owned and operated a detinning facility adjacent to the Chevron site until 1964. Chevron has advised the Company that, in response to the identification of the site as a former solid waste management unit and pursuant to the corrective action provisions of the Resource Conservation and Recovery Act ("RCRA"), Chevron is investigating the feasibility of corrective action and is seeking assistance from parties who may have been responsible for some or all of the contamination at the site.

The Company and other allegedly responsible parties who received similar correspondence from Chevron and who previously owned or operated facilities on or adjacent to the site have had meetings with Chevron to discuss the status of the site. The parties have received information from Chevron relative to the contamination of the site, but have not verified this information by independent sampling. Given the information available to the Company regarding this site, the extent to which the Company's former operations may have contributed to contamination at the site cannot now be established or confirmed. For these reasons, it is impossible at this time for the Company to predict the outcome of this matter or the existence or extent of any liability of the Company with respect to this matter.

On January 3, 1992, the Company received a General Notice Letter from the EPA regarding alleged releases or threatened releases of hazardous substances at a hazardous waste treatment, storage and disposal site in Greer, South Carolina, which was operated by Aqua-Tech Environmental, Inc., a South Carolina corporation. The EPA's letter advised that the Company may be considered a PRP under Section 107(a) of CERCLA. The Company confirmed that in 1987 it sent cylinders containing titanium tetrachloride to the site for disposal. On April 20, 1992, the Company became a party to a PRP Agreement whereby the signatories thereto agreed to cooperate in responding as a PRP group to the EPA.

On April 24, 1992, the EPA issued a UAO to many of the PRPs, including the Company, directing that a removal action with respect to hazardous wastes on-site be undertaken by them. The UAO covers only the removal action; the EPA is considering whether to place the site on the National Priorities List for remediation purposes. On May 1, 1992, the Steering Committee of the PRP group notified the EPA of the intent of the participating PRPs to undertake the removal work required by the UAO. Work at the site began on May 4, 1992.

To date, 179 PRPs have agreed to participate in the removal action and to share the costs of the removal action according to a series of interim allocations. The PRP group's consultant has estimated the cost of the removal action to be $14,000,000. Interim allocations raising this amount have been made among the PRP group. The Company has paid over $116,000 pursuant to these interim allocations. The only identified waste of the Company which remained at the site and required removal was one container which cost $355 to remove and dispose of. Because the Company already has paid more than its share of removal costs, the Company has withdrawn from further participation in the removal action as a member of the PRP group.

It is impossible at this time to estimate whether the Company will recoup amounts previously paid for the removal action. Additional costs for the assessment and remediation of any contamination at the site have not been estimated. Moreover, the extent to which the site is contaminated and the extent to which the wastes the Company sent to the site may have contributed to any such contamination have not been estimated or confirmed. However, the Company does not believe that its potential share of any costs related to the site will adversely affect the consolidated financial statements of the Company to a material extent.

On October 23, 1992, the Company received a letter from the EPA pursuant to Section 104(e) of CERCLA requesting information regarding waste generated by the Company and disposed at a sanitary landfill in Muskego, Wisconsin, which is operated by Waste Management of Wisconsin ("Muskego Landfill"). The Company responded to this request by stating that it had no knowledge of the generation of any solid waste by the Company's former aluminum recycling facility in Oak Creek, Wisconsin, which would have been disposed of in the Muskego Landfill. Nevertheless, the Company received on January 14, 1993, a UAO pursuant to Section 106(a) of CERCLA directing that the Company and 45 other respondents/PRPs perform remedial design and remedial action work with respect to the Muskego Landfill, which has been placed on the National Priorities List by the EPA for cleanup of the release of hazardous substances.

The Company and other PRPs have formed a PRP Group to respond to the UAO and to formulate allocations for Waste Management's past response costs, totaling approximately $5,600,000, a remedial design study for the first phase of remediation, costing approximately $470,000, and first phase remedial work, costing an estimated $10,500,000. The Company has paid $4,800 toward administrative costs for the PRP Group and $6,000 for its share of the remedial design study. The Company's potential share of the ultimate cleanup cost cannot be determined precisely at this time, and the Company is engaged in negotiations as a member of the PRP Group with regard to a lump-sum payment in settlement of the Company's share of the costs relating to the first phase of remediation. However, the Company does not believe that its share of the costs for the first phase will exceed $20,000. Moreover, the Company does not believe that its potential share of such costs or of any additional costs for the second phase of remediation involving groundwater will adversely affect the consolidated financial statements of the Company to a material extent.

During the spring of 1992, representatives of the EPA conducted certain inspections of the Company's chemicals manufacturing plant in Geismar, Louisiana. Subsequent to completing those inspections, on March 18, 1993, a Complaint, Compliance Order, and Notice of Opportunity for Hearing (the "Multimedia Complaint and Order") was issued to the Company by the EPA. In the Multimedia Complaint and Order, the EPA makes certain findings of fact and law, and based upon such findings, alleges multiple count violations of RCRA, CERCLA and the Clean Air Act, for which violations EPA seeks civil penalties in the total amount of $298,650. The Multimedia Complaint and Order also purports to impose upon the Company a civil compliance order requiring the Company to implement certain actions pertaining to hazardous wastes stored for longer than a year and to implement a tracking plan for plant wastes to ensure accurate determination, identification and labeling of hazardous and nonhazardous wastes generated and stored in containers at the plant. On April 30, 1993, the Company filed its Answer to Complaint and Compliance Order and Request for Hearing (the "Answer") with the EPA, including a request for an adjudicatory hearing as provided in the Multimedia Complaint and Order on all factual and legal issues raised by the Company in its Answer. Subsequent to the filing of its Answer, the Company and EPA have been engaged in negotiations regarding the settlement of this matter, which negotiations remain on-going.

On March 9, 1994, the Company received a letter from the EPA concerning alleged releases or threatened releases of hazardous substances at the Jack's Creek/Sitkin Smelting Superfund Site located in Mifflin County, Pennsylvania, near the town of Maitland. The Sitkin Smelting Company operated a secondary smelting facility at the site from 1958 until declaring bankruptcy in 1977. The EPA's letter states that the Company may be considered a PRP pursuant to Section 107(a) of CERCLA. The EPA advised that it may order some or all of the PRPs to undertake response actions at the site and that PRPs may also be liable for costs the EPA incurs or has incurred in responding to any releases or threatened releases at the site. The EPA has already undertaken certain response actions at the site, and has completed an RI/FS.

The Company is among the 880 PRPs that EPA has identified as having sold and shipped a total of approximately 307 million pounds of material to the business operated on the site. The EPA's documents indicate that the Company's shipments occurred between 1972 and 1977, totalled approximately 1.8 million pounds, and represent .84% of the total weight of the materials sent to this smelting facility. These shipments consisted primarily of sales of brass and metal parts which the Company believes were co-products of its former metals operation.

The Company is currently conducting an investigation of this matter and anticipates participating in a meeting of PRPs who may form a steering committee to negotiate on behalf of all the PRPs the apportionment of the response costs with the EPA. The Company's share, if any, of past and future response costs associated with the site will be the subject of on-going discussions with other PRPs and the EPA. However, based on the limited information currently available to it, the Company does not believe that its ultimate share of such costs will adversely affect the consolidated financial statements of the Company to a material extent.

As reported in the Company's Form 8-K Current Report dated June 12, 1992, an antidumping petition was filed on May 20, 1992, with the International Trade Commission ("ITC"), by two stone producers and a distributor in southeast Texas alleging that a U.S. industry was being injured by imports of crushed limestone from Mexico. The companies involved in the Crescent Market Project quarry and crush limestone from Mexico's Yucatan Peninsula for sale along the U.S. Gulf Coast. On June 29, 1992, the ITC, in a 5-0 vote (with one commissioner not participating), determined that a U.S. industry was not being injured by the importation of crushed limestone from Mexico. This ruling was appealed to the United States Court of International Trade ("CIT") where the determination of the ITC was sustained and the action was dismissed. The judgment of the CIT has now been appealed to the United States Court of Appeals for the Federal Circuit. Oral argument occurred on February 9, 1994, and a decision is now pending.

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

No matter was submitted during the fourth quarter of 1993 to the Company's security holders through the solicitation of proxies or otherwise.

ITEM 4a. EXECUTIVE OFFICERS OF THE REGISTRANT

The names, positions and dates of birth of the executive officers (as defined in 17 CFR 240.3b-7) of the Company are as follows:

Name	Position	Birth Date
Herbert A. Sklenar	Chairman, Chief Executive Officer and Director	6/07/31
William J. Grayson, Jr.	Executive Vice President, Construction Materials	10/16/30
R. Morrieson Lord	Senior Vice President, Human Resources	11/02/30
Richard K. Carnwath	Vice President, Planning and Development	7/13/48
William F. Denson, III	Vice President-Law and Secretary	8/01/43
Daniel F. Sansone	Vice President-Finance and Treasurer	8/04/52
E. Starke Sydnor	Assistant General Counsel	11/30/43
Peter J. Clemens, III	Senior Vice President, West - Construction Materials Group	12/17/43
Harold D. Lambert	Senior Vice President - Construction Materials Group	5/15/28
Robert L. Mayville	Senior Vice President, Business Development and Operations Services - Construction Materials Group	10/03/34
Guy K. Mitchell, Jr.	Senior Vice President, East - Construction Materials Group	12/08/48
Guy M. Badgett, III	President, Southeast Division	4/28/48
Michael J. Ferris	President, Chemicals Division	10/20/44
William L. Glusac	President, Southwest Division	8/07/50
Donald M. James	President, Southern Division	1/20/49
Daniel J. Leemon	President, Midsouth Division	5/14/38
Thomas R. Ransdell	President, Vulcan Gulf Coast Materials, Inc.	6/25/42
James W. Smack	President, Mideast Division	4/01/43
Christopher G. White	President, Midwest Division	5/16/40

The principal occupations of the executive officers during the past five years have been set forth below:

Herbert A. Sklenar was elected President and Chief Executive Officer in May 1986. He was elected to his present position in May 1992.

William J. Grayson, Jr., was elected Executive Vice President, Construction Materials Group, in February 1987.

R. Morrieson Lord was elected Senior Vice President, Human Resources, in April 1979.

Richard K. Carnwath was elected Vice President, Planning and Development, in July 1985.

William F. Denson, III, was elected Secretary in April 1981 and continues to serve in that capacity. He served as Assistant General Counsel from May 1988 until May 1992, when he was appointed Vice President and Assistant General Counsel. He was elected to his present position as Vice President-Law effective January 1, 1994.

Daniel F. Sansone joined the Company as Controller in January 1988 and was promoted to Vice President and Controller in May 1991. He was elected to his present position as Vice President-Finance and Treasurer effective January 1, 1994.

E. Starke Sydnor became Assistant General Counsel in May 1988 and was elected a corporate officer in May 1992.

Peter J. Clemens, III, served as Senior Vice President, Finance, from October 1983 until January 1, 1994, when he became Senior Vice President-West, Construction Materials Group.

Harold D. Lambert served as President, Midsouth Division, from January 1970 until July 1993. He was appointed to his present position as Senior Vice President, Construction Materials Group effective August 1, 1993.

Robert L. Mayville was appointed President, Mideast Division, in September 1985. In May 1991, he was appointed Senior Vice President, Business Development and Operations Services-Construction Materials Group.

Guy K. Mitchell, Jr., served as Vice President, North Carolina, Mideast Division, until July 1989, when he was appointed President, Chattanooga Division. In May 1991, he was appointed Senior Vice President-East, Construction Materials Group.

Guy M. Badgett, III, served as Vice President, Midsouth Division, until April 1991, when he was appointed Executive Vice President. He was appointed to his present position as President, Southeast Division, in July 1992.

Michael J. Ferris was appointed President, Chemicals Division, in May 1987.

William L. Glusac served as Vice President, East Tennessee and Kentucky, Midsouth Division, until March 1990, when he was appointed Executive Vice President, Southwest Division. In April 1991, he was appointed President, Southwest Division.

Donald M. James joined the Company as Senior Vice President and General Counsel in December 1992 and was appointed to his present position as President, Southern Division, effective January 1, 1994. He was a partner with the Birmingham law firm of Bradley, Arant, Rose and White prior to joining the Company.

Daniel J. Leemon was appointed President, Midwest Division, in 1984, and assumed the additional position of Chairman, Southwest Division, in December 1989. He was promoted to Senior Vice President-West, Construction Materials Group, in May 1991. He served in this position through July 1993, and was appointed to his present position as President, Midsouth Division, effective August 1, 1993.

Thomas R. Ransdell was elected President of Vulcan Gulf Coast Materials, Inc., in 1987.

James W. Smack served as Vice President-Virginia, Mideast Division, until May 1991, when he was appointed President, Mideast Division.

Christopher G. White served as Vice President, Operations, Midwest Division, until he was appointed Executive Vice President of that Division in 1990. He served in the latter position until he was appointed President, Midwest Division, in May 1991.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

"Common Stock Market Prices and Dividends" on page 28 of the Company's 1993 Annual Report to Shareholders is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

"Selected Financial Data" on page 25 of the Company's 1993 Annual Report to Shareholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"Management's Discussion and Analysis" on pages 29 through 37 and "Financial Terminology" on page 53 of the Company's 1993 Annual Report to Shareholders are incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following information relative to this item is included in the Company's 1993 Annual Report to Shareholders on the pages shown below, which are incorporated herein by reference:

	Page
Financial Statements and Notes	40-51
Management's Responsibility for Financial Reporting and Internal Control	52
Independent Auditors' Report	52
Supplementary Information-Quarterly Financial Data (Unaudited)	38

With the exception of the aforementioned information and the information incorporated by reference in Items 1, 3, 5, 6, 7 and 14, the Company's 1993 Annual Report to Shareholders is not deemed filed as part of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No information is required to be included in this report pursuant to Item 304 of Regulation S-K which requires disclosure of certain information if the registrant has changed accountants under specified circumstances.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Within 120 days of the close of the Company's fiscal year on December 31, 1993, the Company will file a definitive proxy statement with the Securities and Exchange Commission pursuant to Regulation 14A (the Company's "1994 Proxy Statement"). The information under the headings "Election of Directors," "Nominees for Election to the Board of Directors" and "Directors Continuing in Office" included in the 1994 Proxy Statement are incorporated herein by reference. For the information required by Item 401 of Regulation S-K concerning executive officers of the registrant, reference is also made to the information provided in Part I, Item 4a, of this Annual Report on Form 10-K. No information is required to be included in this report pursuant to Item 405 of Regulation S-K which requires disclosure of certain information concerning compliance with Section 16(b) of the Securities Exchange Act of 1934.

ITEM 11. EXECUTIVE COMPENSATION

The information under the headings "Compensation of Directors," "Executive Compensation," "Shareholder Return Performance Presentation," "Retirement Income Plan" and "Employee Special Severance Plan" included in the Company's 1994 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information under the headings "Security Ownership of Certain Beneficial Owners" and "Security Holdings of Management" included in the Company's 1994 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

No information is required to be included in this report pursuant to Item 404 of Regulation S-K, which requires disclosure of certain information with respect to certain relationships or related transactions of the directors and management.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) FINANCIAL STATEMENTS

The following financial statements are included in the Company's 1993 Annual Report to Shareholders on the pages shown below and are incorporated herein by reference:

	Page
Consolidated Statements of Earnings	40
Consolidated Balance Sheets	41
Consolidated Statements of Cash Flows	42
Consolidated Statements of Shareholders' Equity	43

(a) (2) FINANCIAL STATEMENT SCHEDULES

The following financial statement schedules for the years ended December 31, 1993, 1992 and 1991 are included in Part IV (see Exhibits 99.1 through 99.5) of this report on the indicated pages:

Schedule VI	Property, Plant and Equipment
Schedule VII	Allowance for Depreciation, Depletion and Amortization
Schedule IX	Valuation and Qualifying Accounts and Reserves
Schedule X	Short-Term Borrowings
Schedule XI	Supplementary Income Statement Information

Other schedules are omitted because of the absence of conditions under which they are required or because the required information is provided in the financial statements or notes thereto.

Financial statements (and summarized financial information) of 50% or less owned entities accounted for by the equity method have been omitted because they do not, considered individually or in the aggregate, constitute a significant subsidiary.

(a) (3) EXHIBITS

The exhibits required by Item 601 of Regulation S-K and indicated below, other than Exhibits (11) and (12) which are on pages and of this report, are either incorporated by reference herein or accompany the copies of this report filed with the Securities and Exchange Commission and the New York Stock Exchange. Copies of such exhibits will be furnished to any requesting shareholder of the Company upon payment of the costs of copying and transmitting the same.

(3)(a) Certificate of Incorporation (Restated 1988) of the Company. Exhibit 3(a) to the Company's 1988 Form 10-K Annual Report is incorporated herein by reference (File No. 1-4033).

(3)(b) By-laws of the Company, as restated February 2, 1990, and as last amended February 12, 1993. Exhibit (3)(b) to the Company's 1992 Form 10-K Annual Report is incorporated herein by reference.

(4) Exhibits 1 and 4 to the Form S-3 filed with the Securities and Exchange Commission by the Company on May 2, 1991, and registering $200,000,000 in debt securities is incorporated herein by reference. Form 8-K Report filed with the Securities and Exchange Commission by the Company on May 14, 1991, is incorporated herein by reference. The Company hereby agrees to furnish the Securities and Exchange Commission, upon request, all instruments defining the rights of holders of its other long-term debt or that of any of its consolidated subsidiaries.

(10)(a) The Management Incentive Plan of the Company, as last amended and restated. Exhibit 10(a) to the Company's 1989 Form 10-K Annual Report is incorporated herein by reference (File No. 1-4033).

(10)(b) The 1981 Long-Range Performance Share Plan of the Company, as last amended and restated. Exhibit 10(b) to the Company's 1989 Form 10-K Annual Report is incorporated herein by reference (File No. 1-4033).

(10)(c) The 1991 Long-Range Performance Share Plan of the Company. Exhibit A to the Company's definitive proxy statement for the annual meeting of its shareholders held May 16, 1991 ("1991 Proxy Statement"), is incorporated herein by reference (File No. 1-4033).

(10)(d) The Plan for Directors Emeriti and Other Eligible Directors, as last amended and restated. Exhibit 10(c) to the Company's 1990 Form 10-K Annual Report is incorporated herein by reference (File No. 1-4033).

(10)(e) The Unfunded Supplemental Benefit Plan for Salaried Employees. Exhibit 10(d) to the Company's 1989 Form 10-K Annual Report is incorporated herein by reference (File No. 1-4033).

(10)(f) The Deferred Compensation Plan for Directors Who Are Not Employees of the Company, as last amended and restated on December 8, 1992. Exhibit A to the Company's definitive proxy statement for the annual meeting of its shareholders held May 20, 1993 is incorporated herein by reference.

(10)(g) The 1983 Long-Term Incentive Plan, as last amended and restated.

Exhibit 10(f) to the Company's 1989 Form 10-K Annual Report is incorporated herein by reference (File No. 1-4033).

(10)(h) The Stock Plan for Nonemployee Directors. Exhibit B to the Company's 1991 Proxy Statement is incorporated herein by reference (File No. 1-4033).

(10)(i) The Employee Special Severance Plan of the Company. Exhibit 10(g) to the Company's 1989 Form 10-K Annual Report is incorporated herein by reference (File No. 1-4033).

(11) Computation of Earnings Per Share for the five years ended December 31, 1993. (page of this report)

(12) Computation of Ratio of Earnings to Fixed Charges for the five years ended December 31, 1993. (page of this report)

(13) The Company's 1993 Annual Report to Shareholders. (pages 29 through 95 of the bound exhibits)

(21) List of the Company's subsidiaries as of December 31, 1993. (page 96 of the bound exhibits)

(24) Powers of Attorney for all directors whose names are signed to this Annual Report on Form 10-K pursuant to such Powers of Attorney. (pages 97 through 106 of the bound exhibits)

Information, financial statements and exhibits required by Form 11-K with respect to the Company's Thrift Plan for Salaried Employees, Construction Materials Divisions Hourly Employees Savings Plan and Chemicals Division Hourly Employees Savings Plan, for the fiscal year ended December 31, 1993, will be filed as one or more amendments to this Form 10-K on or before June 29, 1994, as permitted by Rule 15d-21 under the Securities Exchange Act of 1934.

(b) REPORTS ON FORM 8-K

On November 16, 1993, the Company filed a Form 8-K Report with the Securities and Exchange Commission with respect to the projected segment earnings for 1994.

INDEPENDENT AUDITORS' REPORT

Vulcan Materials Company:

We have audited the accompanying consolidated balance sheets of Vulcan Materials Company and its subsidiary companies as of December 31, 1993, 1992 and 1991, and the related consolidated statements of earnings, shareholders' equity, and cash flows for the years then ended, and have issued our report thereon dated February 4, 1994; such financial statements and report are included in your 1993 Annual Report to the Shareholders and are incorporated herein by reference. Our audits also included the financial statement schedules of Vulcan Materials Company and its subsidiary companies, listed in Item 14. These schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these schedules based on our audits. In our opinion, such supplemental schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information shown therein.

/s/ Deloitte & Touche

Birmingham, Alabama
February 4, 1994

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

VULCAN MATERIALS COMPANY
(Registrant)

March 29, 1994 Date	By /s/ H. A. Sklenar H. A. Sklenar Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ H. A. Sklenar H. A. Sklenar	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	March 29, 1994

/s/ D. F. Sansone D. F. Sansone	Vice President-Finance and Treasurer (Principal Financial Officer and Principal Accounting Officer)	March 29, 1994

The following directors:

Marion H. Antonini	Director
Livio D. DeSimone	Director
John K. Greene	Director
Richard H. Leet	Director
Douglas J. McGregor	Director
Ann D. McLaughlin	Director
James V. Napier	Director
Donald B. Rice	Director
Orin R. Smith	Director

By /s/ William F. Denson, III March 29, 1994
William F. Denson, III
Attorney-in-Fact for
each of the nine
directors listed above
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EXHIBIT 11

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

COMPUTATION OF EARNINGS PER SHARE

For the Years Ended December 31
Amounts in Thousands, Except Per Share Data

	1993	1992	1991	1990	1989
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Primary and fully diluted earnings:					
Average common shares outstanding...........	36,757	37,590	38,052	38,676	40,223
Common share equivalents:					
Performance Share Plan.....................	218	190	164	154	172
Total shares..............................	36,975	37,780	38,216	38,830	40,395
Net earnings from continuing operations..................................	$88,229	$90,980	$52,580	$120,278	$133,420
Net earnings (loss) from discontinued operations..................................	--	--	--	--	(4,051)
Net earnings before cumulative effect of accounting changes........................	88,229	90,980	52,580	120,278	129,369
Net earnings from cumulative effect of accounting changes........................	--	3,005	--	--	1,490
Net earnings	$88,229	$93,985	$52,580	$120,278	$130,859
Primary and fully diluted earnings (loss) per share of common stock:					
Continuing operations........................	$2.39	$2.41	$1.38	$3.10	$3.30
Discontinued operations......................	--	--	--	--	(0.10)
Earnings before cumulative effect of accounting changes.....................	2.39	2.41	1.38	3.10	3.20
Cumulative effect of accounting changes..................................	--	0.08	--	--	0.04
Net earnings................................	$2.39	$2.49	$1.38	$3.10	$3.24

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EXHIBIT 12

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

For the Years Ended December 31
Amounts in Thousands

	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Fixed charges:					
Interest expense before capitalization credits....................	$10,187	$ 10,441	$11,336	$ 9,349	$ 6,873
Amortization of financing costs............	115	116	75	44	42
One-third of rental expense................	7,375	8,711	4,815	5,678	3,979
Total fixed charges.......................	$ 17,677	$ 19,268	$16,226	$ 15,071	$ 10,894
Net earnings from continuing operations..................................	$ 88,229	$ 90,980	$52,580	$120,278	$133,420
Provision for income taxes...................	36,993	39,746	20,867	58,951	67,943
Fixed charges................................	17,677	19,268	16,226	15,071	10,894
Capitalized interest credits.................	(1,016)	(673)	(131)	(1,591)	(756)
Amortization of capitalized interest..........	882	792	840	705	603
Earnings from continuing operations before income taxes as adjusted............	$142,765	$150,113	$90,382	$193,414	$212,104
Ratio of earnings to fixed charges...........	8.1	7.8	5.6	12.8	19.5

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OPERATIONS DIRECTORY

DIVISION OFFICES

CONSTRUCTION MATERIALS

Mideast Division
Winston-Salem, North Carolina

Midsouth Division
Knoxville, Tennessee

Midwest Division
Chicago, Illinois

Southeast Division
Atlanta, Georgia

Southern Division
Birmingham, Alabama

Southwest Division
San Antonio, Texas

Vulcan Gulf Coast Materials, Inc.
Birmingham, Alabama

CHEMICALS

Chemicals Division
Birmingham, Alabama

CONSTRUCTION MATERIALS

AGGREGATES - PRODUCTION FACILITIES

Crushed Stone Plants - Domestic

ALABAMA
Birmingham
Calera
Childersburg
Glencoe
Helena
Huntsville
Lacon
Ohatchee
Russellville
Scottsboro
Trinity
Tuscumbia

FLORIDA
Brooksville *

GEORGIA
Adairsville
Columbus
Norcross
Rabun
Red Oak
Stockbridge
Villa Rica

ILLINOIS
Bolingbrook
Casey
Fairbury
Joliet
Kankakee
Lemont
McCook-Hodgkins
Momence
Plainfield
Pontiac
Sycamore
Weston
Garrison
Montour
Robins
Vinton

KENTUCKY
Brandenburg
Cecilia
Fort Knox
Lake City
Lexington (2)

MISSISSIPPI
Iuka

NORTH CAROLINA
Boone
Charlotte
Concord
Elkin

Dalton
Grayson
Kennesaw
LaGrange
Lithia Springs
Lithonia
Newnan

INDIANA
Francesville
Monon

IOWA
Cedar Rapids
Fairfax

Enka
Gold Hill
Henderson
Hendersonville
High Point
Mocksville
Morganton
North Wilkesboro

NORTH CAROLINA
(continued)
Rockingham
Stokesdale
Winston-Salem
Yadkinville

SOUTH CAROLINA
Anderson
Blacksburg
Gray Court
Greenville
Liberty
Lyman
Pacolet

TENNESSEE
Athens
Bristol
Chattanooga
Clarksville
Cleveland
Dayton
Franklin
Greeneville
Holladay
Kingsport
Knoxville (2)
Lebanon

Maryville
Morristown
Nashville (3)
Parsons
Readyville
Rogersville
Savannah
Sevierville
South Pittsburg
Tazewell *

TEXAS
Abilene
Brownwood
Eastland
Knippa
San Antonio (3)
Weatherford (2)

VIRGINIA
Boydton
Chatham
Danville
Edgerton
Garrisonville
Gate City
Manassas
Norton
Occoquan

Richmond
Skippers
South Boston
Warrenton

WISCONSIN
Milwaukee
Oshkosh
Racine
Sussex

CRUSHED STONE PLANTS - INTERNATIONAL

MEXICO
Playa del Carmen *

SLAG PLANTS

ALABAMA
Birmingham (3)
Gadsden

TENNESSEE
Chattanooga

SAND AND GRAVEL PLANTS

ALABAMA
Huntsville

FLORIDA
Polk *

ILLINOIS
Crystal Lake
Decatur

INDIANA
Angola
Fremont
Kimmell
Lafayette (2)
Middlebury
South Bend

TENNESSEE
Chattanooga

WISCONSIN
Oconomowoc

OTHER AGGREGATES

ALABAMA
Birmingham
Fine Grind
Products Plant

ILLINOIS
Hodgkins
Mineral Filler
Plant

TEXAS
Uvalde
Rock Asphalt
Plant

WISCONSIN
Sussex
Pulverized Limestone
Plant

* Joint Venture

AGGREGATES - PRINCIPAL SALES YARDS

ALABAMA
Mobile (3)

FLORIDA
Jacksonville *
Tampa *

GEORGIA
Bainbridge

INDIANA
Wanatah

SOUTH CAROLINA
Myrtle Beach

TENNESSEE
Memphis

TEXAS
Beaumont *
Galveston *
Houston *

VIRGINIA

LOUISIANA
New Orleans * (4)

NORTH CAROLINA
Elizabeth City

Alexandria
Franklin
Norfolk
Portsmouth
Springfield
Suffolk
Virginia Beach

* Joint Venture

OTHER PRODUCTS AND SERVICES

ALABAMA
Birmingham
Conveyor Belt Service Facility
Utility Plant

ILLINOIS
McCook
Dock Facilities
Dolomitic Lime Plant

GEORGIA
Ringgold
Ready-mixed Concrete Plant
Trenton
Ready-mixed Concrete Plant

INDIANA
Wanatah
Trucking Company

KENTUCKY
Lake City
Coal Handling Terminals (4)
Barge Transportation

SOUTH CAROLINA
Anderson
Asphaltic Concrete Plant
Paving Construction Operation
Liberty
Asphaltic Concrete Plant
Pacolet
Asphaltic Concrete Plant

TENNESSEE
Chattanooga
Asphaltic Concrete Plants (2)
Emulsified Asphalt Plant
Paving Construction Operation
Ready-mixed Concrete Plants (2)
Cleveland
Asphaltic Concrete Plant
Dayton
Asphaltic Concrete Plant
Knoxville
Crusher Repair Facility
Emulsified Asphalt Plant
Mack Truck Distributorship

TEXAS
Abilene
Asphaltic Concrete Plants (2)
Brownwood
Asphaltic Concrete Plant
Eastland
Asphaltic Concrete Plant
Fort Worth
Asphaltic Concrete Plant
San Antonio
Asphaltic Concrete Plants (4)
Ready-mixed Concrete Plants (3)
Uvalde
Trucking Company
Voca
Industrial Sand Plant
Weatherford
Asphaltic Concrete Plants (2)

BAHAMAS
Nassau
Ocean Shipping Operation *

* Joint Venture

CHEMICALS

PLANTS

KANSAS
Wichita

LOUISIANA
Geismar

WISCONSIN
Port Edwards

VULCAN PEROXIDATION SYSTEMS
ARIZONA
Tucson

<TABLE>
<CAPTION>
FINANCIAL REVIEW

SELECTED FINANCIAL DATA
Amounts and shares in millions, except per share data

	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
OPERATIONS					
Net sales...	$ 1,133.5	$ 1,078.0	$ 1,007.5	$ 1,105.3	$ 1,076.2
Gross profit..	$ 246.7	$ 249.1	$ 212.1	$ 291.4	$ 300.0
As a percent of net sales..........................	21.8%	23.1%	21.1%	26.4%	27.9%
Interest expense....................................	$ 9.2	$ 9.8	$ 11.3	$ 7.8	$ 6.1

Net earnings from continuing operations	$ 88.2	$ 91.0	$ 52.6	$ 120.3	$ 133.4
As a percent of average shareholders' equity	12.8%	13.3%	7.7%	18.2%	20.5%
Net earnings (loss) from discontinued operations	$ -	$ -	$ -	$ -	$ (4.0)
Cumulative effect of accounting changes	$ -	$ 3.0	$ -	$ -	$ 1.5
Net earnings	$ 88.2	$ 94.0	$ 52.6	$ 120.3	$ 130.9
Primary and fully diluted earnings per common share:					
Net earnings from continuing operations	$ 2.39	$ 2.41	$ 1.38	$ 3.10	$ 3.30
Net earnings (loss) from discontinued operations	$ -	$ -	$ -	$ -	$ (0.10)
Cumulative effect of accounting changes	$ -	$ 0.08	$ -	$ -	$ 0.04
Net earnings	$ 2.39	$ 2.49	$ 1.38	$ 3.10	$ 3.24
Effective tax rate	29.5%	30.4%	28.4%	32.9%	33.7%
Operating income from continuing operations after taxes	$ 93.3	$ 98.7	$ 59.5	$ 125.1	$ 137.2
As a percent of average capital employed	9.7%	10.3%	6.1%	13.7%	16.1%
LIQUIDITY AND CAPITAL RESOURCES					
Working capital	$ 161.8	$ 169.8	$ 149.8	$ 61.5	$ 192.3
Current ratio	2.1	2.3	2.1	1.3	2.4
Net cash provided by continuing operations	$ 194.1	$ 199.1	$ 184.9	$ 205.9	$ 255.8
As a percent of long-term obligations (year end)	190.2%	185.6%	166.4%	460.9%	463.7%
Ratio of earnings to fixed charges	8.1	7.8	5.6	12.8	19.5
Total assets (year end)	$ 1,078.6	$ 1,083.9	$ 1,073.1	$ 1,118.0	$ 1,002.5
Average capital employed:					
Short-term debt	$ 25.2	$ 24.1	$ 72.7	$ 62.1	$ 8.3
Long-term obligations	105.6	108.2	66.5	47.2	57.4
Other noncurrent liabilities	140.4	138.4	155.7	144.1	135.0
Shareholders' equity	691.7	686.5	682.7	661.5	651.4
Total	$ 962.9	$ 957.2	$ 977.6	$ 914.9	$ 852.1
Long-term obligations (year end)	$ 102.0	$ 107.3	$ 111.1	$ 44.7	$ 55.2
As a percent of long-term capital	10.9%	11.3%	11.8%	5.1%	6.4%
Dividends declared and paid per common share	$ 1.26	$ 1.20	$ 1.20	$ 1.20	$ 1.12
Total common stock dividends	$ 46.3	$ 45.1	$ 45.7	$ 46.4	$ 45.1
Common shares outstanding (year end)	36.3	37.2	38.0	38.1	39.5

</TABLE>

<TABLE>
<CAPTION>
SEGMENT FINANCIAL DATA
Amounts in millions

	Amount					Percent of Company Total				
	1993	1992	1991	1990	1989	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET SALES										
Construction Materials	$ 756.7	$ 686.4	$ 648.1	$ 696.1	$ 645.7	67%	64%	64%	63%	60%
Chemicals	376.8	391.6	359.4	409.2	430.5	33	36	36	37	40
Total	$1,133.5	$1,078.0	$1,007.5	$1,105.3	$1,076.2	100%	100%	100%	100%	100%
EARNINGS FROM CONTINUING OPERATIONS BEFORE INTEREST EXPENSE AND INCOME TAXES										
Construction Materials	$ 116.7	$ 88.3	$ 41.8	$ 112.0	$ 115.3	87%	63%	50%	60%	55%
Chemicals	17.4	51.3	42.6	72.4	86.4	13	36	50	39	42
Segment earnings	134.1	139.6	84.4	184.4	201.7	100	99	100	99	97
Interest income, etc.	0.3	0.9	0.3	2.6	5.8	-	1	-	1	3
Total	$ 134.4	$ 140.5	$ 84.7	$ 187.0	$ 207.5	100%	100%	100%	100%	100%
OPERATING INCOME FROM CONTINUING OPERATIONS AFTER TAXES										
Construction Materials	$ 81.6	$ 65.3	$ 32.1	$ 77.3	$ 78.4	87%	66%	54%	62%	57%
Chemicals	11.5	32.7	27.3	46.0	54.5	12	33	46	37	40
Interest income, etc.	0.2	0.7	0.1	1.8	4.3	1	1	-	1	3
Total	$ 93.3	$ 98.7	$ 59.5	$ 125.1	$ 137.2	100%	100%	100%	100%	100%
NET CASH PROVIDED BY CONTINUING OPERATIONS										
Construction Materials	$ 156.6	$ 141.9	$ 141.8	$ 130.2	$ 159.4	81%	71%	77%	63%	62%
Chemicals	41.1	63.8	50.0	76.4	93.6	21	32	27	37	37
Interest expense, interest income, etc., net	(3.6)	(6.6)	(6.9)	(0.7)	2.8	(2)	(3)	(4)	-	1
Total	$ 194.1	$ 199.1	$ 184.9	$ 205.9	$ 255.8	100%	100%	100%	100%	100%

</TABLE>

<TABLE>
<CAPTION>
SEGMENT FINANCIAL DATA
Dollar amounts in millions

	Amount					Percent of Company Total				
	1993	1992	1991	1990	1989	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
PROPERTY ADDITIONS										
Construction Materials	$ 59.3	$ 56.5	$60.8	$187.3	$127.7	59%	57%	71%	84%	87%

Chemicals..............	41.3	42.0	24.9	35.2	19.0	41	43	29	16	13
Total..........	$100.6	$ 98.5	$85.7	$222.5	$146.7	100%	100%	100%	100%	100%
DEPRECIATION, DEPLETION AND AMORTIZATION										
Construction Materials..	$ 74.3	$ 75.5	$ 80.4	$ 71.7	$63.6	72%	73%	73%	72%	70%
Chemicals..............	28.5	27.8	29.3	28.5	27.3	28	27	27	28	30
Total..........	$102.8	$103.3	$109.7	$100.2	$90.9	100%	100%	100%	100%	100%
AVERAGE CAPITAL EMPLOYED										
Construction Materials..	$707.4	$708.4	$748.4	$656.8	$550.6	73%	74%	77%	72%	65%
Chemicals..............	248.5	226.4	226.1	228.9	227.8	26	24	23	25	27
Cash items.............	7.0	22.4	3.1	29.2	73.7	1	2	-	3	8
Total..........	$962.9	$957.2	$977.6	$914.9	$852.1	100%	100%	100%	100%	100%
OPERATING INCOME FROM CONTINUING OPERATIONS AFTER TAXES AS A PERCENT OF AVERAGE CAPITAL EMPLOYED										
Construction Materials..	11.5%	9.2%	4.3%	11.8%	14.2%					
Chemicals..............	4.6	14.5	12.1	20.1	23.9					
Interest income, etc....	3.0	3.0	5.1	6.1	6.0					
Total..........	9.7%	10.3%	6.1%	13.7%	16.1%					

<FN>

Definitions of certain financial terms used in this report are provided on page 53.
</TABLE>
Page 27

<TABLE>
<CAPTION>
COMMON STOCK MARKET PRICES AND DIVIDENDS

	Range of Common Stock Market Prices				Dividend Paid Per Share	
	1993		1992			
Quarter Ended	High	Low	High	Low	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
March 31	$56 1/8	$47	$40 1/4	$36	$.31 1/2	$ .30
June 30.	52	40 1/4	46 3/4	37 5/8	.31 1/2	.30
September 30	49 3/4	43 3/4	46 1/2	39 3/4	.31 1/2	.30
December 31.	50 3/4	43 1/2	49 5/8	39 1/2	.31 1/2	.30
					$ 1.26	$1.20

</TABLE>

The Company's common stock is traded on the New York Stock Exchange (tickler symbol VMC). As of January 31, 1994, the number of shareholders of record approximated 4,800.

Dividends paid in 1993 totaled $46,296,000 as compared with $45,095,000 paid in 1992. On February 11, 1994, the Board of Directors authorized a quarterly dividend of 33 cents per common share payable March 10, 1994. The new quarterly dividend represents a 5% increase over quarterly dividends paid in 1993.

During the last five years, the Company's dividend payout rate has averaged 48% of prior year net earnings. The Company's policy is to pay out a reasonable share of earnings as dividends consistent, on average, with the payout record of the last few years, and consistent with the goal of maintaining debt ratios within prudent and generally acceptable limits.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Vulcan's net earnings in 1993 were $88.2 million, or $2.39 per share, as compared with net earnings and earnings per share before the cumulative effect of an accounting change, of $91.0 million and $2.41 in 1992. In 1992 the Company adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, which resulted in net earnings of $3.0 million, or 8 cents per share. With the accounting change included, 1992 net earnings and earnings per share totaled $94.0 million and $2.49, respectively.

Sales in 1993 were $1,133.5 million as compared to the 1992 total of $1,078.0 million. Pretax earnings were $125.2 million as compared to $130.7 million in 1992.

SALES

Sales were up 5% from the 1992 total. Construction Materials sales increased 10% while Chemicals sales declined 4%. Construction Materials sales increased principally because of improved shipments, while the Chemicals shortfall reflects lower prices and the effect on volume of a less favorable product mix. Specific elements of the change in sales from 1992 to 1993 are shown below (amounts in millions):
<TABLE>
<CAPTION>

	Increased (Decreased) Unit Volume	Higher (Lower) Prices	Total Increase (Decrease)
<S>	<C>	<C>	<C>
Construction Materials	$60.2	$10.1	$70.3
Chemicals	(9.9)	(4.9)	(14.8)
Total	$50.3	$ 5.2	$55.5

</TABLE>

The following table summarizes the increase in sales from 1991 to 1992 (amounts in millions):

<TABLE>

<CAPTION>

	Increased Unit Volume	Lower Prices	Total Increase
<S>	<C>	<C>	<C>
Construction Materials	$42.1	$(3.8)	$38.3
Chemicals.	36.9	(4.6)	32.3
Total.	$79.0	$(8.4)	$70.6

</TABLE>

Construction Materials sales in 1993 increased due to stronger demand for crushed stone, which reflected increased construction activity in most markets. Shipments of crushed stone improved 7% from the 1992 level. Slightly higher unit selling prices also contributed to the increase. The decline in Chemicals sales in 1993 reflects sharply lower caustic soda prices and unfavorable product mix changes, only partially offset by improved prices for chlorine and chlorinated organic products. Total Chemicals tons shipped remained at 1992 levels. However, sales were shifted from higher to lower margin products due to market conditions and the regulatory phase-out of certain products.

The increase in Construction Materials sales in 1992 was principally due to higher volume, reflecting increased construction activity in some markets. The 1992 increase in Chemicals sales reflects strong demand for both organic and inorganic products and higher plant operating rates. Sales of sodium chlorite, which were initiated at mid-year, accounted for $6.1 million of the sales increase. Higher prices for organic products were more than offset by lower caustic soda prices.

EARNINGS

Earnings before interest expense and income taxes for 1993 were $134.4 million, down 4% from comparable 1992 earnings of $140.5 million. The 1992 amount was up 66% from the $84.7 million earned in 1991.

Construction Materials segment earnings of $116.7 million, which are before interest expense and income taxes, increased 32% from 1992's level of $88.3 million. The increase principally reflects the impact of higher volume.

Construction Materials segment earnings in 1992 were more than double the 1991 result of $41.8 million. The increase reflects the impacts of higher volume, lower production costs and the absence of significant unusual charges.

In 1991 the Company recorded a provision of $16.2 million referable to the impairment of certain Construction Materials assets located in Texas. The Company also recorded provisions that year totaling $4.9 million for shutdown costs associated with the liquidation of its Construction Materials assets in south Florida. Both of these items are discussed in Note 13 to the financial statements.

Chemicals segment earnings in 1993 of $17.4 million were down sharply from 1992's result of $51.3 million. The decline reflects net lower prices, a less favorable product mix, and higher energy, raw materials and other manufacturing costs. Bad debt expense also increased in 1993.

Chemicals segment earnings in 1992 were $51.3 million, up 20% from 1991 earnings of $42.6 million. The increase reflects principally higher volume. Higher prices for organic products were more than offset by lower prices for caustic soda, and operating costs also increased in 1992.

OPERATING COSTS AND EXPENSES

Cost of goods sold of $886.8 million in 1993 increased 7% from 1992's level, principally as a result of higher volume in the Construction Materials segment and increased energy, raw materials and manufacturing costs in the Chemicals segment. Cost of goods sold increased 4% in 1992 from the 1991 amount, reflecting mainly higher volume in both segments, partially offset by lower unit costs in the Construction Materials segment.

Repair and maintenance expenses were $120.0 million in 1993, up 4% from the 1992 amount due to higher volume in the Construction Materials segment. Total repair and maintenance expenses in 1992 were up 4% from the 1991 amount. The increase reflects principally higher scheduled maintenance expense in the Chemicals segment. Construction Materials repair and maintenance expenses in 1992 were up slightly from the 1991 level.

Depreciation, depletion and amortization expense totaled $102.8 million in 1993, a slight decline from the 1992 amount of $103.3 million. The decrease reflects in part the effect of reduced spending for property additions in 1991 and 1992. Property additions increased 2% in 1993. Depreciation, depletion and amortization expense in 1992 decreased 6% from 1991, also as a result of the reduced capital spending.

Energy costs (excluding depreciation and operating expenses referable to Chemicals cogeneration facilities) totaled $124.7 million, up 4% from the 1992 level. The increase relates mainly to higher natural gas prices in the Chemicals segment. The 4% increase in 1992 to $119.8 million is primarily due to higher production levels in the Chemicals segment.

During the years 1985 to 1989, the Company recorded provisions totaling $28.8 million for environmental remediation at a now-closed third party waste disposal site to which the Chemicals segment last shipped waste materials in 1970. No additional provisions referable to this site have been made. The Company and other companies that also generated waste placed at the site have received approval of a cleanup plan from the United States Environmental Protection Agency. Preliminary cleanup activities at the site began in 1992. Although the cost of the cleanup and the Company's share thereof cannot be determined precisely at this time, the Company currently believes that the aforementioned provisions are adequate. Provisions for other environmental expenses for the last four years have not been material. Contingent liabilities for environmental remediation activities of the Chemicals segment and discontinued operations are discussed in Note 9 to the financial statements.

Selling, administrative and general expenses totaled $111.1 million in 1993, up 5% from the 1992 level. This increase reflects principally higher bad debt provisions, higher professional fees and normal increases in personnel costs, partially offset by lower provisions for stock- based incentive plans. In 1992, selling, administrative and general expenses increased 7% from the 1991 level. This increase is due mainly to higher provisions for management incentive plans, which were severely restricted in 1991. Both the short-term incentive program and the long-term plans are designed to reflect Company performance and the costs of those plans are fully reflected in the Company's financial statements. Much of the change in expense in 1993 reflects movements in the price of the Company's stock as well as reduced payout estimates for certain long-term awards.

Other operating costs totaled $5.0 million in 1993 as compared with $5.3 million in 1992. These costs were $28.2 million in 1991. The decrease from 1991 to 1992 reflects the absence in 1992 of the previously referenced impairment and liquidation provisions recorded in 1991.

OTHER ITEMS

Other income, net of other charges, was $3.7 million in 1993 as compared with $2.5 million in 1992. The increase reflects mainly improved results referable to current as well as discontinued joint ventures. Other income in 1992 compared favorably with a net charge of $.5 million in 1991. The favorable comparison reflects principally higher gains on the sale of assets and improved results from joint ventures.

Interest expense was $9.2 million in 1993, down from the 1992 amount of $9.8 million. Interest expense in 1992 decreased from the 1991 amount of $11.2 million. The declines in both years reflect lower average borrowings as well as higher capitalized interest on construction projects.

INCOME TAXES

The Company's 1993 effective tax rate was 29.5%, down from the 1992 rate of 30.4%. The decrease reflects principally an increased favorable effect of statutory depletion and an adjustment to prior year accruals for state income taxes, partially offset by an increase in the federal statutory rate. The increase in the federal rate, including an adjustment to deferred taxes for the rate change, lowered 1993 earnings per share by 6 cents. The 1992 effective rate increased from the 1991 rate of 28.4% reflecting a decreased relative effect of statutory depletion, which had an abnormally high impact in 1991 because of the unusual charges mentioned earlier.

As discussed in Note 7 to the financial statements, in 1992 the Company adopted Statement of Financial Accounting Standards (SFAS) NO. 109, Accounting for Income Taxes, which supersedes SFAS NO. 96. The Company previously adopted SFAS No. 96 in 1989. The principal change made by SFAS No. 109 is to revise the criteria for recognition and measurement of deferred tax assets. The cumulative effect of adopting SFAS No. 109 is to revise the criteria for recognition and measurement of deferred tax assets. The cumulative effect of adopting SFAS NO. 109 created net earnings of $3.0 million, which was equivalent to 8 cents per share.

RETURN ON EQUITY AND CAPITAL

The ratio of net earnings to average shareholders equity was 12.8% in 1993, as compared with the 1992 and 1991 returns of 13.3% and 7.7%, respectively. The ratio of operating income after taxes to average capital employed for the Company was 9.7% in 1993. Comparable returns in 1992 and 1991 were 10.3% and 6.1% respectively. The decreases in the 1993 return measures are due principally to the effect of lower earnings in the Chemicals segment, substantially offset by improved results from the Construction Materials segment. The increases in the 1992 return measures reflect higher earnings in both business segments.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Net cash provided by continuing operations amounted to $194.1 million in 1993, down $5.0 million, or 3%, from 1992's total of $199.1 million. Net cash provided by the Chemicals segment decreased by $22.7 million, principally as a result of lower earnings. Net cash provided by the Construction Materials segment increased $14.7 million due to higher earnings. Although mixed economic conditions affected both business segments throughout the year, the Company's ability to generate significant cash flows enabled it again to fund capital requirements internally, reduce total indebtedness and return cash to its shareholders.

Net cash provided by segment operations in each of the last three years, including the effect of working capital changes, is summarized below (amounts in millions):

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Construction Materials	$156.6	$141.9	$141.8
Chemicals.	41.1	63.8	50.0
Interest expense, interest income, etc., net.	(3.6)	(6.6)	(6.9)
Total.	$194.1	$199.1	$184.9

</TABLE>

Net cash used for investing activities totaled $103.8 million in 1993, down $6.9 million from the 1992 level. Cash expenditures for property, plant and equipment were $96.0 million in 1993, up $20.8 million, while cash investments of $9.6 million in associated companies decreased $2.0 million from comparable 1992 investments. Cash spending for acquisitions totaled $4.5 million as compared with $33.2 million in 1992.

Net cash used for financing activities amounted to $90.9 million in 1993, down $2.8 million from the prior year's $93.7 million. Interest-bearing debt was reduced $4.6 million in 1993 compared with a net decrease of $16.2 million in 1992. Although no long-term debt was issued during 1992 or 1993, the Company issued $81.0 million of medium-term notes in 1991 that replaced the majority of its commercial paper and permitted prepayment of the remaining balance of its 10 1/4% debentures. Purchases of the Company's common stock increased by $7.6 million to $40.0 million in 1993.

Cash and cash equivalents amounted to $14.0 million at December 31, 1993, down slightly from the 1992 year end balance of $15.7 million.

WORKING CAPITAL

Working capital, exclusive of debt and cash items (cash, cash equivalents and short-term investments), totaled $150.9 million at December 31, 1993, down $5.7 million from the 1992 level. This decrease compares with a working capital increase of $10.9 million in 1992 and a decrease of $11.3 million in 1991. Working capital increases referable to acquisitions amounted to $300,000 in 1993, $4.2 million in 1992 and $2.8 million in 1991.

Accounts and notes receivable totaled $150.4 million at December 31, 1993, decreasing $1.0 million from the 1992 balance. Inventories at year end 1993 of $105.0 million were $2.9 million below the comparable 1992 level due to lower Construction Materials inventories.

Current liabilities, excluding debt items, were $137.7 million at the end of 1993, up 4% from the 1992 total of $132.6 million due mainly to higher accrued liabilities in Chemicals. The increase in payables and accrued liabilities resulted principally from a reclassification of certain environmental liabilities from deferred to current accounts and an increase in accrued maintenance expenses.

The Company's overall current position is summarized below (dollar amounts in millions and as of year end):

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Working capital, exclusive of debt and cash items	$150.9	$156.6	$145.7
Cash and cash equivalents.	14.0	15.7	19.0
Short-term debt.	(1.7)	(1.1)	(13.2)
Accrued interest	(1.4)	(1.4)	(1.7)
Total working capital (including debt and cash items)	$161.8	$169.8	$149.8
Current ratio.	2.1	2.3	2.1
Acid test ratio.	1.2	1.2	1.2
Turnover ratios:*			
Customer receivables:			
Construction Materials	7.2	7.2	7.0
Chemicals.	5.7	6.0	6.2
Total.	6.7	6.7	6.7
Inventories:			
Construction Materials	6.8	6.1	5.6
Chemicals.	10.5	12.5	9.9
Total.	7.8	7.6	6.7

<FN>

* Calculated by dividing net sales and cost of goods sold by the average of month-end receivables and inventories, respectively.

</TABLE>

The decrease in the current ratio from 1992 to 1993 was due to higher current liabilities, mainly accrued liabilities for materials and services, and slightly lower receivables and inventories. These were partially offset by a higher current portion of deferred taxes.

The increase in the current ratio in 1992 over 1991 was due to higher current assets, mainly receivables and the current portion of deferred taxes, partially offset by lower inventories and cash.

The turnover ratio for Construction Materials receivables remained constant at 7.2 in 1993. The small decrease in the Chemicals turnover ratio from 6.0 in 1992 to 5.7 in 1993 reflects slower remittances from customers. The increase in the Construction Materials turnover ratio from 7.0 in 1991 to 7.2 in 1992 resulted primarily from higher sales. Higher receivables, which reflected slower collections from customers, caused a small decrease in the turnover ratio for Chemicals from 6.2 in 1991 to 6.0 in 1992.

Construction Materials achieved a better inventory turnover ratio in 1993 due to lower average inventory levels and higher sales volume. Chemicals inventory turnover declined from 12.5 in 1992 to 10.5 in 1993 due primarily to an increase in average inventory levels. Both segments had better inventory turnover ratios in 1992 over 1991 primarily due to lower average inventory levels in Construction Materials and Chemicals of 6% and 15%, respectively.

PROPERTY ADDITIONS

Property additions, including acquisitions, totaled $100.6 million in 1993, up slightly from the 1992 level of $98.5 million. The Company classifies its property additions into three categories based upon the predominant purpose of the project, as explained on page 53.

The table below summarizes property additions by each category (amounts in millions):

<TABLE>
<CAPTION>

Project Purpose	1993	1992	1991
<S>	<C>	<C>	<C>
Replacement.	$ 48.7	$29.2	$36.1
Environmental control.	7.1	11.6	3.3
Subtotal	55.8	40.8	39.4
Profit adding:			
Acquisitions	4.2	23.0	21.3
Other.	40.6	34.7	25.0
Subtotal	44.8	57.7	46.3
Total.	$100.6	$98.5	$85.7

</TABLE>

Total property additions were higher in 1993 as increased spending for replacement projects in Construction Materials more than offset lower spending for environmental control and profit adding projects.

The increase in property additions in 1992 reflects higher spending for profit adding and environmental control projects which more than offset lower replacement spending. Three Construction Materials acquisitions accounted for virtually all of the $23.0 million spent for businesses acquired. Three Chemicals environmental improvement projects comprised over half of the spending in that category. Two of those projects, the construction of a calcium chloride production facility and installation of penta-acid purification equipment, are primarily responsible for a reduction in the segment's reportable emissions of hazardous wastes of more than 60% in 1993 from the previous year.

As a percent of net cash provided by continuing operations, spending for replacement and environmental control projects was 29% in 1993, 20% in 1992 and 21% in 1991. Commitments for capital expenditures were $11.7 million at December 31, 1993. This included $9.1 million referable to various Chemicals projects.

SHORT-TERM BORROWINGS AND INVESTMENTS

During most of 1992 and 1993, the Company was in a net short-term borrowing position. Short-term borrowings in 1993 reached a maximum of $64.0 million, averaged $25.5 million and were zero at year end. Comparable 1992 amounts were $56.3 million, $21.3 million and zero, respectively. The higher 1993 levels were attributable predominately to higher average levels of receivables and inventories as compared with 1992.

Details pertaining to short-term borrowings during the last three years (dollar amounts in millions) are as follows:

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Year end.	$ -	$ -	$ 9.8
Maximum outstanding	$64.0	$ 56.3	$ 128.0
Average outstanding	$25.5	$ 21.3	$ 75.0
Weighted average interest rate. .	3.2%	3.8%	6.5%

</TABLE>

The above interest rate averages were computed using daily outstanding principal amounts. The Company's policy is to maintain unused bank lines of credit and/or committed credit facilities at least equal to its outstanding commercial paper. Unsecured bank lines of credit totaling $70.0 million were maintained at the end of 1993. Standard & Poor's Corporation and Moody's Investors Services, Inc. have assigned ratings of A-1+ and P-1, respectively, to the Company's commercial paper.

It is the Company's policy to invest cash in excess of its operating requirements in interest- bearing securities having an original or remaining maturity of one year or less. When investing such temporarily excess funds, the Company's objectives, in order of their importance, are (1) to meet projected cash requirements; (2) to preserve the principal of each short-term investment; and (3) to realize the maximum available return consistent with the preceding objectives.

The investment of excess cash during the last three years (dollar amounts in millions) is shown below:
<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Maximum invested	$ 26.2	$ 32.7	$ 25.5
Average invested	$ 7.2	$ 21.9	$ 2.8
Taxable-equivalent yield	3.3%	4.3%	5.6%
Year end	$ -	$ 15.7	$ 5.7
Average maturity (at year end, in days)	-	7	13

</TABLE>

LONG-TERM OBLIGATIONS
During 1993 the Company reduced its total long-term obligations by $5.3 million to $102.0 million as compared with a net decrease of $3.8 million in 1992. In February 1992 the Company refunded 7 7/8%/8% tax exempt bonds in the amount of $5.8 million at the lower rate of 6 3/8%. In March 1992 the Company exercised its option to prepay a 10 3/4% capitalized lease obligation in the amount of $2.9 million. During the three-year period ended December 31, 1993, long-term obligations increased cumulatively by $57.4 million from the $44.7 million outstanding at December 31, 1990; however, total interest bearing obligations (including short-term debt) decreased $48.4 million during the same period.

During the same three year period, shareholders' equity, net of common stock purchases of $77.6 million and dividends of $137.1 million, increased by $22.8 million to $703.0 million. The Company's overall long-term capital position is shown in the following table (dollar amounts in millions and as of year end):
<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Long-term debt	$102.0	$107.2	$108.4
Capitalized lease obligations.	-	.1	2.7
Total long-term obligations.	102.0	107.3	111.1
Other noncurrent liabilities	132.8	141.5	143.7
Shareholders' equity	703.0	700.1	682.9
Total long-term capital.	$937.8	$948.9	$937.7
Long-term obligations as a percent of:			
Total long-term capital.	10.9%	11.3%	11.8%
Shareholders' equity	14.5%	15.3%	16.3%
Net cash provided by continuing operations as a percent of long-term obligations.	190%	186%	166%
Ratio of earnings to fixed charges.	8.1	7.8	5.6

</TABLE>

The ratio of earnings to fixed charges increased in 1993 as the decrease in earnings was offset by a decline in rental expense. The improvement in the 1992 ratio of earnings to fixed charges is attributable principally to higher earnings. At current debt levels, future ratios of earnings to fixed charges will reflect primarily changes in earnings.

Although the future ratio of long-term obligations to total long-term capital will depend upon specific investment and financing decisions, management believes the Company's cash generating capability, along with its financial strength and business diversification, can reasonably support a ratio of 25% to 30%. The actual ratio at the end of 1993 was 10.9%. The Company has made acquisitions from time to time and will continue to actively pursue attractive investment opportunities. If financing is required for this purpose, it may be accomplished temporarily on a short-term basis or by incurring long-term debt.

The Company's long-term borrowing requirements can be satisfied in either the public debt or private placement markets. Vulcan's medium-term notes issued in 1991 are rated AA- by Standard & Poor's and A1 by Moody's.

In 1990 the Company adopted Statement of Financial Accounting Standards No. 105, Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk. Refer to Note 9 to the financial statements for additional information.

COMMON STOCK
Common stock issued during 1993 totaled 21,479 shares valued at $903,000. Comparable figures in 1992 were 18,216 shares and $717,000. Common stock issued during 1993, 1992 and 1991 related to the Company's long-term

management incentive plans. In addition, shares were issued in 1993 through the Stock Plan for Non-employee Directors. Shares held in the treasury were used to satisfy these distributions.

During 1993 the Company purchased 895,015 shares of its common stock at a cost of $40.0 million, equal to an average price of $44.68 per share. The acquired shares are being held for general corporate purposes, including distributions under management incentive plans. The Company's decisions to purchase shares of common stock are made based upon the common stock's valuation and price, the Company's liquidity, its actual and projected needs for cash for investment projects and regular dividends, and the Company's debt level.

Following are the number and cost of shares purchased during each of the last three years:
<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Shares purchased:			
Number.	895,015	786,230	141,319
Total cost (millions) . . .	$40.0	$32.4	$5.2
Average cost.	$44.68	$41.24	$36.92
Shares in treasury at year-end:			
Number.	10,224,218	9,350,682	8,582,668
Average cost.	$35.03	$34.05	$33.35

</TABLE>

CAPITAL EMPLOYED

During 1993 total average capital employed in continuing operations was $962.9 million, up $5.7 million from the 1992 average of $957.2 million. The latter figure reflects a decrease of $20.4 million, or 2%, from the $977.6 million employed on average in 1991. Average capital employed in the Company's business segments is shown in the table below (amounts in millions):
<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Construction Materials	$707.4	$708.4	$748.4
Chemicals.	248.5	226.4	226.1
Cash items	7.0	22.4	3.1
Total.	$962.9	$957.2	$977.6

</TABLE>

The sources and deployment of the year-to-year increases in total average capital employed are shown below (amounts in millions; brackets indicate a decrease):
<TABLE>
<CAPTION>

	1992-93	1991-92
<S>	<C>	<C>
Sources:		
Short-term debt.	$ 1.1	$(48.6)
Long-term obligations.	(2.6)	41.6
Other noncurrent liabilities	2.0	(17.2)
Shareholders' equity	5.2	3.8
Total	$ 5.7	$(20.4)
Deployment:.		
Construction Materials	$ (1.0)	$(40.0)
Chemicals.	22.0	.3
Cash items	(15.3)	19.3
Total	$ 5.7	$(20.4)

</TABLE>

During the period 1989 through 1993, total average capital employed in continuing operations has grown at an average annual compound rate of 4.2%, or by the cumulative amount of $179.1 million. During this period, interest-bearing debt has increased by $63.0 million and, as a percent of average capital employed, has increased from 8.6% to 13.6%. The following summary indicates the sources and deployment of the increase in average capital employed from 1989 to 1993 (amounts in millions):
<TABLE>
<CAPTION>

	Amount of Increase (Decrease)	% of Total
<S>	<C>	<C>
Sources:		
Short-term debt.	$ 21.1	12 %
Long-term obligations.	41.9	24
Other noncurrent liabilities	13.1	8
Shareholders' equity	98.1	56
Total	$174.2	100 %
Deployment:		
Construction Materials	$222.2	128 %
Chemicals.	18.0	10
Cash items	(61.1)	(35)
Total continuing operations	179.1	103
Discontinued operations.	(4.9)	(3)
Total	$174.2	100 %

</TABLE>

SUMMARY OF INTERNAL CASH FLOWS AND TRANSACTIONS WITH INVESTORS

Pages 60 and 61 of this report contain detailed information showing the principal elements of operating and investing cash flows referable to the Company's segments for each of the last 11 years. The table on page 62 summarizes these detailed cash flows and also shows the cash flows referable to nonsegment activities and transactions between the Company and its suppliers of invested capital, both lenders and shareholders.

A cumulative summary of these flows for the five-year period ended December 31, 1993 is provided on the following page. As indicated in the table, the net cash flows referable to all of the Company's operating and investing activities, and to the tax deductibility of interest expense, totaled $365.6 million during the last five years. Transactions with capital suppliers during the same period required $429.1 million, including $417.7 million returned to shareholders and $11.4 million to lenders. Discontinued operations required $16.4 million. The net result of these cash flows was a decrease in cash items of $75.4 million from the end of 1988 to the end of 1993.

<TABLE>
<CAPTION>
SUPPLEMENTARY INFORMATION - QUARTERLY FINANCIAL DATA
Amounts in millions, except per share data

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
<S>	<C>	<C>	<C>	<C>	<C>
1993					
Net sales	$214.1	$306.0	$331.3	$282.1	$1,133.5
Gross profit	29.7	74.0	85.1	57.9	246.7
Net earnings (loss)	(0.5)	31.6	36.6	20.5	88.2
Primary and fully diluted earnings (loss) per share	(0.01)	0.84	0.99	0.57	2.39
1992					
Net sales	$210.6	$284.2	$312.3	$270.9	$1,078.0
Gross profit	35.6	74.5	80.8	58.2	249.1
Net earnings before cumulative effect of accounting change	4.6	30.2	35.8	20.4	91.0
Cumulative effect of accounting change	3.0	-	-	-	3.0
Net earnings	7.6	30.2	35.8	20.4	94.0
Primary and fully diluted earnings per share:					
Before cumulative effect of accounting change	0.12	0.80	0.94	0.55	2.41
Cumulative effect of accounting change	0.08	-	-	-	0.08
Net earnings	0.20	0.80	0.94	0.55	2.49
1991					
Net sales	$197.1	$266.4	$289.2	$254.8	$1,007.5
Gross profit	27.6	66.7	71.3	46.5	212.1
Net earnings (loss)	(2.2)	25.9	30.2	(1.3)	52.6
Primary and fully diluted earnings (loss) per share	(0.06)	0.68	0.79	(0.03)	1.38

</TABLE>
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<TABLE>
<CAPTION>
CONSOLIDATED STATEMENTS OF EARNINGS
Vulcan Materials Company and Subsidiary Companies
For the Years Ended December 31, 1993, 1992, and 1991
Amounts and shares in thousands, except per share data

	1993	1992	1991
<S>	<C>	<C>	<C>
Net sales	$1,133,489	$1,078,035	$1,007,478
Cost of goods sold	886,764	828,951	795,346
Gross profit on sales	246,725	249,084	212,132
Selling, administrative and general expenses	111,085	105,749	98,859
Other operating costs			
Impairment and liquidation charges (Note 13)	-	-	21,147
Abandonments, idle facilities expense, etc	4,987	5,326	7,008
Total other operating costs	4,987	5,326	28,155
Other income (charges), net			
Interest income	1,013	1,795	1,507
Other, net	2,727	690	(1,973)
Total other income (charges), net	3,740	2,485	(466)
Earnings before interest expense and income taxes	134,393	140,494	84,652
Interest expense (Note 4)	9,171	9,768	11,205
Earnings before income taxes	125,222	130,726	73,447
Provision for income taxes (Note 7)			
Current	37,460	46,833	36,357
Deferred	(467)	(7,087)	(15,490)
Total provision for income taxes	36,993	39,746	20,867
Net earnings before cumulative effect of accounting change	88,229	90,980	52,580
Cumulative effect of accounting change (Note 7)	-	3,005	-
Net earnings	$ 88,229	$ 93,985	$ 52,580
Primary and fully diluted earnings per share			
Net earnings before cumulative effect of			

accounting change	$2.39	$2.41	$1.38
Cumulative effect of accounting change (Note 7)	-	0.08	-
Net earnings	$2.39	$2.49	$1.38
Dividends per share	$1.26	$1.20	$1.20
Average common and common equivalent shares outstanding	36,975	37,780	38,216

<FN>
The accompanying Notes to Financial Statements are an integral part of these statements.
</TABLE>
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<TABLE>
<CAPTION>
CONSOLIDATED BALANCE SHEETS
Vulcan Materials Company and Subsidiary Companies
As of December 31, 1993, 1992 and 1991
Amounts in thousands

	1993	1992	1991
<S>	<C>	<C>	<C>
ASSETS			
Current assets			
Cash and cash equivalents (Note 2)	$ 13,996	$ 15,669	$ 18,993
Accounts and notes receivable:			
Customers, less allowance for doubtful accounts: 1993, $7,284; 1992, $6,814; 1991, $6,267	141,606	142,454	130,439
Other	8,798	8,941	7,699
Inventories (below estimated current cost by $32,986 for 1993, $32,371 for 1992 and $42,701 for 1991; Note 3)	105,017	107,948	112,636
Current portion of deferred income taxes	26,898	24,604	11,900
Prepaid expenses	6,298	5,213	3,480
Total current assets	302,613	304,829	285,147
Investments and long-term receivables	56,505	49,970	40,699
Property, plant and equipment, net (Note 4)	657,785	663,721	675,440
Deferred charges and other assets (Note 8)	61,648	65,395	71,825
Total	$1,078,551	$1,083,915	$1,073,111
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Current maturities:			
Long-term debt	$ 1,671	$ 1,029	$ 1,660
Capitalized lease obligations	70	70	1,827
Notes payable (Note 2)	-	-	9,763
Trade payables and accruals	89,504	81,775	67,951
Accrued income taxes	14,450	17,040	16,551
Accrued salaries and wages	20,437	19,371	17,536
Accrued interest	1,356	1,383	1,688
Other accrued liabilities (Note 9)	13,327	14,368	18,412
Total current liabilities	140,815	135,036	135,388
Long-term debt (Note 5)	102,035	107,205	108,434
Long-term capitalized lease obligations (Note 6)	-	70	2,672
Deferred income taxes (Note 7)	74,193	72,383	69,626
Deferred management incentive and other compensation (Note 8)	17,885	18,618	15,906
Other postretirement benefits (Note 8)	27,377	24,880	22,491
Other noncurrent liabilities (Note 9)	13,283	25,611	35,666
Other commitments and contingent liabilities (Note 9)			
Shareholders' equity			
Common stock, $1 par value	46,573	46,573	46,573
Capital in excess of par value	4,587	3,962	3,463
Retained earnings (Note 5)	1,009,912	967,979	919,089
Total	1,061,072	1,018,514	969,125
Less cost of stock in treasury	358,109	318,402	286,197
Total shareholders' equity	702,963	700,112	682,928
Total	$1,078,551	$1,083,915	$1,073,111

<FN>
The accompanying Notes to Financial Statements are an integral part of these statements.
</TABLE>
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<TABLE>
<CAPTION>
CONSOLIDATED STATEMENTS OF CASH FLOWS
Vulcan Materials Company and Subsidiary Companies
For the Years Ended December 31, 1993, 1992 and 1991
Amounts in thousands

	1993	1992	1991
<S>	<C>	<C>	<C>
OPERATIONS			
Net earnings before cumulative effect of accounting change	$ 88,229	$ 90,980	$ 52,580
Adjustments to reconcile net earnings to net cash provided by continuing operations:			
Depreciation, depletion and amortization	102,780	103,345	109,725
Provisions for impairment and liquidation of assets (Note 13)	-	-	21,147
(Increase) decrease in assets before effects of business acquisitions:			
Accounts and notes receivable	991	(11,760)	14,728
Inventories	3,199	6,592	3,220
Current portion of deferred income taxes	(2,294)	(12,704)	(4,855)
Prepaid expenses	(1,085)	(681)	363
Increase (decrease) in liabilities before effects of business acquisitions:			

Accrued interest and income taxes	(27)	(305)	(427)
Trade payables, accruals, etc	5,906	12,828	1,412
Deferred income taxes	1,810	2,757	(15,546)
Other noncurrent liabilities	(10,564)	(4,954)	(57)
Issuance of common stock in connection with Performance Share Plan	904	717	1,038
Other, net	4,246	12,311	1,530
Net cash provided by continuing operations	194,095	199,126	184,858
Net cash used for discontinued operations (Note 9)	(1,077)	(1,031)	(1,514)
Cumulative effect of accounting change (Note 7)	-	3,005	-
Net cash provided by operations	193,018	201,100	183,344
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(95,977)	(75,191)	(63,645)
Payment for business acquisitions	(4,507)	(33,216)	(24,719)
Proceeds from sale of property, plant and equipment	6,009	8,924	2,627
Investment in nonconsolidated companies	(9,637)	(11,609)	(13,000)
Withdrawal of earnings from nonconsolidated companies	301	400	25
Net cash used for investing activities	(103,811)	(110,692)	(98,712)
FINANCING ACTIVITIES			
Net payments-commercial paper and bank lines of credit	-	(9,803)	(97,368)
Proceeds from issuance of long-term debt (Note 5)	-	-	81,000
Payment of short-term debt	(1,184)	(3,759)	(4,607)
Payment of long-term debt	(3,414)	(2,651)	(12,335)
Purchases of common stock (Note 10)	(39,986)	(32,424)	(5,217)
Dividends paid	(46,296)	(45,095)	(45,664)
Net cash used for financing activities	(90,880)	(93,732)	(84,191)
Net increase (decrease) in cash and cash equivalents	(1,673)	(3,324)	441
Cash and cash equivalents at beginning of year	15,669	18,993	18,552
Cash and cash equivalents at end of year	$ 13,996	$ 15,669	$ 18,993

<FN>
The accompanying Notes to Financial Statements are an integral part of these statements.
</TABLE>

<TABLE>
<CAPTION>
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Vulcan Materials Company and Subsidiary Companies
For the Years Ended December 31, 1993, 1992, and 1991
Amounts and shares in thousands

	1993		1992		1991	
	Shares	Amount	Shares	Amount	Shares	Amount
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Common stock, $1 par value						
Authorized, 160,000 shares						
Issued (no changes in 1993, 1992 and 1991)	46,573	$ 46,573	46,573	$ 46,573	46,573	$ 46,573
Capital in excess of par value						
Balance at beginning of year		3,962		3,463		2,758
Distributions under Performance Share Plan		604		499		705
Distributions under Stock Plan for Non-employee Directors		21		-		-
Balance at end of year		4,587		3,962		3,463
Retained earnings						
Balance at beginning of year		967,979		919,089		912,173
Net earnings		88,229		93,985		52,580
Cash dividends on common stock		(46,296)		(45,095)		(45,664)
Balance at end of year		1,009,912		967,979		919,089
Common stock held in treasury						
Balance at beginning of year	(9,350)	(318,402)	(8,582)	(286,197)	(8,467)	(281,312)
Purchase of common shares	(895)	(39,985)	(786)	(32,423)	(141)	(5,217)
Distributions under Performance Share Plan	20	270	18	218	26	332
Distributions under Stock Plan for Non-Employee Directors	1	8	-	-	-	-
Balance at end of year	(10,224)	(358,109)	(9,350)	(318,402)	(8,582)	(286,197)
Total		$ 702,963		$ 700,112		$ 682,928

<FN>
The accompanying Notes to Financial Statements are an integral part of these statements.
</TABLE>

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and all majority or wholly-owned subsidiary companies. All significant intercompany transactions and accounts have been eliminated in consolidation. Investments in joint ventures and the common stock of associated companies in which the Company has ownership interests of 20% to 50% are accounted for by the equity method. All other investments are carried at the lower of cost or market, and income is recorded as dividends are received or interest is earned.

CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

The Company classifies as cash equivalents all highly liquid securities with a maturity of three months or less at the time of purchase. Other marketable securities with a maturity of over three months, but not more than one year, at the time of purchase, are classified as short-term investments.

INVENTORIES

The Company uses the last-in, first-out (LIFO) method of valuation for most of its inventories because it results in a better matching of costs with revenues. Inventories, other than operating supplies, are stated at the lower of cost, as determined by the LIFO method, or market. Such cost includes raw materials, direct labor and production overhead. Substantially all operating supplies are carried at average cost, which does not exceed market.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less allowances for accumulated depreciation, depletion and amortization. The cost of properties held under capital leases is equal to the lower of the net present value of the minimum lease payments or the fair value of the leased property at the inception of the lease.

DEPRECIATION, DEPLETION AND AMORTIZATION

Depreciation is computed by the straight-line method at rates based upon the estimated service lives of the various classes of assets, which include machinery and equipment, buildings and land improvements. Amortization of capitalized leases is included with depreciation expense.

Cost depletion on depletable quarry land is computed by the unit of production method based upon estimated recoverable units.

Leaseholds are amortized over varying periods not in excess of applicable lease terms.

OTHER COSTS

Income is charged as costs are incurred for start-up of new plants and for normal recurring costs of mineral exploration, removal of overburden from active mineral deposits, and research and development.

Repairs and maintenance are charged to costs and operating expenses. Renewals and betterments which add materially to the utility or useful lives of property, plant and equipment are capitalized.

Environmental remediation costs are accrued as liabilities and expensed when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. Costs are accrued no later than the feasibility study and/or when the Company commits to a formal plan of action. Environmental compliance costs include maintenance and operating costs with respect to pollution control facilities, the cost of ongoing monitoring programs and similar costs. Such costs are expensed as incurred.

INCOME TAXES

Effective January 1, 1992, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes, which supersedes and amends SFAS No. 96. The principal change made by SFAS No. 109 is to revise the criteria for recognition and measurement of deferred tax assets. The effect of the change in accounting method is disclosed in Note 7.

Annual provisions for income taxes are based primarily on reported earnings before income taxes and include appropriate provisions for deferred income taxes resulting from the tax effect of the difference between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. In addition, such provisions reflect adjustments for the following items:

> Permanent differences, principally the excess of percentage depletion over the tax basis of depletable properties.
>
> An estimate of additional cost that may be incurred, including interest on deficiencies but excluding adjustments representing temporary differences, upon final settlement of returns after audit by various taxing authorities.
>
> Balances or deficiencies in prior year provisions that become appropriate as audits of those years progress.

EARNINGS PER SHARE

Primary and fully diluted earnings per share of common stock are computed by dividing net earnings by the weighted average number of common shares and common share equivalents outstanding during the year. Common share equivalents represent the number of shares contingently issuable under long-term performance share plans and the stock plan for non-employee directors.

2. CASH

Bank lines of credit amounted to $70,000,000 and $60,000,000 at year end 1993 and 1992, respectively. These lines were not in use at the end of either year. At the end of 1991, bank lines totaled $95,000,000, of which $10,000,000 was used to back up commercial paper outstanding.

All of the lines of credit extended to the Company in 1993, 1992, and 1991 were based on a commitment fee arrangement. The Company also maintained balances or paid fees to compensate its banks for certain services. The Company was in compliance with these informal compensation arrangements during all three years. Because the arrangements are evaluated on a twelve-month average basis, the Company does not consider any of its cash balances to be restricted as of any specific date.

3. INVENTORIES

Inventories at December 31 are as follows (in thousands of dollars):
<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Finished products	$ 75,954	$ 74,684	$ 79,988
Raw materials	3,856	4,123	2,162
Products in process	965	943	1,100
Operating supplies and other.	24,242	28,198	29,386
Total inventories	$105,017	$107,948	$112,636

</TABLE>

The above amounts include inventories valued under the LIFO method totaling $80,614,000, $78,968,000 and $82,284,000 at December 31, 1993, 1992, and 1991, respectively. If all inventories valued at LIFO cost had been valued under the methods (substantially average cost) used prior to the adoption of the LIFO method, the approximate effect on net earnings would have been an increase of $387,000 ($.01 per share effect) in 1993, a decrease of $6,409,000 ($.17 per share effect) in 1992, and an increase of $3,904,000 ($.10 per share effect) in 1991.

4. PROPERTY, PLANT AND EQUIPMENT

Balances of major classes of assets and allowances for depreciation, depletion and amortization at December 31 are as follows (in thousands of dollars):
<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Land and land improvements.	$ 200,856	$ 198,272	$ 187,812
Buildings	62,995	61,088	58,978
Machinery and equipment	1,372,667	1,317,671	1,271,425
Leaseholds.	5,575	5,490	5,556
Construction in progress.	55,912	41,912	30,633
Total.	1,698,005	1,624,433	1,554,404
Less allowances for depreciation, depletion and amortization.	1,040,220	960,712	878,964
Property, plant and equipment, net.	$ 657,785	$ 663,721	$ 675,440

</TABLE>

The Company capitalized interest cost of $1,016,000 in 1993, $673,000 in 1992 and $131,000 in 1991 with respect to qualifying construction projects. Total interest cost incurred before recognition of the capitalized amount was $10,187,000 in 1993, $10,441,000 in 1992 and $11,336,000 in 1991.

Balances referable to capitalized leases included in property, plant and equipment at December 31 are as follows (in thousands of dollars):
<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Land and land improvements.	$ 16	$ 16	$ 16
Buildings	59	59	59
Machinery and equipment	9,978	9,984	9,984
Total.	10,053	10,059	10,059
Less allowance for amortization.	9,128	8,842	8,547
Property, plant and equipment, net.	$ 925	$ 1,217	$ 1,512

</TABLE>

Amortization of capitalized leases amounted to $292,000 in 1993, $294,000 in 1992 and $300,000 in 1991.

5. DEBT

Long-term debt, exclusive of current maturities, at December 31 is summarized as follows (in thousands of dollars):
<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Medium-term notes	$ 80,000	$ 81,000	$ 81,000
Notes issued for businesses acquired in 1987.	2,478	5,863	5,863
6 5/8% pollution control revenue bonds	6,800	6,800	6,800
7 7/8% and 8% pollution control revenue bonds	-	-	5,800
6 3/8% pollution control revenue bonds	5,800	5,800	-
Variable rate pollution control revenue bonds	3,350	3,700	4,000
Other notes	3,607	4,042	4,971
Total	$102,035	$107,205	$108,434

</TABLE>

In May 1991 the Company filed a shelf registration statement with the Securities and Exchange Commission for the registration of $200,000,000 principal amount of debt securities. The issuances of medium-term notes in 1991 totaled $81,000,000. The net proceeds from the sale of the debt securities in 1991 were used for general corporate purposes, principally the reduction of commercial paper borrowings and long-term indebtedness. The dollar-weighted average maturity of the notes, as calculated from the dates of issuance, approximates 13 years. Maturities at the time of issuance ranged from three to thirty years with a maximum of $10,000,000 due in any one year. The weighted average interest rate on the notes is 8.53% with a range of 7.59% to 8.85%.

In March 1991 the Company made a cash payment of $6,000,000 both to satisfy the sinking fund requirement of $3,000,000 for its 10 1/4% debentures and to exercise the option to retire an additional $3,000,000 of the debentures at par. In April 1991 the Company retired the remainder of its outstanding 10 1/4% debentures in the principal amount of $6,326,000. The early extinguishment of this debt resulted in a pretax charge of $233,000, representing the premium paid on the called debentures and the unamortized issuance costs.

The notes issued for businesses acquired in 1987 consist of $1,648,000 in fixed rate notes (10.13%) due 2007 and $830,000 in variable rate notes due 2008. The fixed rate notes are payable in ten equal annual installments beginning in 1998. The variable rate notes, which are resettable every three years based upon a spread over a specified U.S. Treasury note index, are payable in three equal installments in 2002, 2005 and 2008, unless the holders exercise put options at earlier dates. In September 1993 the Company paid $3,385,000 to certain variable rate noteholders who elected to exercise put options on the three year anniversary of the reset date as specified in the notes. This reduced the principal balance of the variable rate notes from $4,215,000 to $830,000.

The 6 5/8% pollution control revenue bonds issued on behalf of the Company in 1978 are payable in installments of $1,000,000 in the years 1998 and 1999 and installments of $1,200,000 in the years 2000-2003. The 7 7/8% and 8% pollution control revenue bonds issued in 1980 were refunded effective February 1, 1992, at an interest rate of 6 3/8%, and are now payable in 2012. The variable rate pollution control revenue bonds issued in 1981 and 1984 are due in 1996 ($1,400,000) and 1999 ($1,950,000), respectively.

Other notes include various obligations with interest rates ranging from 7.49% to 10.00%. These relate principally to notes issued for acquired properties.

The aggregate principal payments for the five years subsequent to December 31, 1993 are: 1994-$1,671,000; 1995-$4,687,000; 1996-$7,070,000; 1997-$5,400,000; and 1998-$6,565,000.

As a result of its repayment of certain indebtedness during 1991, the Company is no longer subject to any contractual restrictions on the aggregate amount of its indebtedness or minimum working capital, or the amount it may expend for cash dividends and purchases of its stock.

Disclosure of the estimated fair value of long-term debt and other financial instruments is made in accordance with the requirements of SFAS No. 107, Disclosure about Fair Value of Financial Instruments. The estimated fair value amounts have been determined by the Company, using available market information and appropriate valuation methodologies. Based primarily on the present value of cash outflows, using year-end interest rates, the estimated fair value of long-term debt at December 31, 1993 is $114,372,000. This compares with a carrying value of $102,035,000. As of December 31, 1992, the estimated fair value of long-term debt is $114,797,000 and the carrying value is $107,205,000. These valuations have been determined by discounting expected future cash flows using interest rates on U.S. Treasury bills, notes or bonds, as appropriate. For cash equivalents, accounts and notes receivable, current portion of deferred income taxes, accounts payable, accrued income taxes, accrued interest and other applicable accrued liabilities, the carrying amounts are a reasonable estimate of fair value. The fair value estimates presented are based on information available to management as of December 31, 1993 and December 31, 1992. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued since those dates.

6. LEASES

Total rental expense of nonmineral leases, exclusive of rental payments made under leases of one month or less, is summarized as follows (in thousands of dollars):

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Minimum rentals	$ 7,600	$ 7,247	$ 6,762
Contingent rentals (based principally on usage)	10,021	8,875	5,130
Total	$17,621	$16,122	$11,892

</TABLE>

Future minimum lease payments under all leases with initial or remaining noncancellable lease terms in excess of one year, exclusive of mineral leases, at December 31, 1993 are as follows (in thousands of dollars):

<TABLE>
<CAPTION>

	Capital Leases	Operating Leases
<S>	<C>	<C>
1994.	$75	$ 7,498
1995.	0	5,474
1996.	0	4,504
1997.	0	3,295
1998.	0	2,491
Remaining years	0	7,162
Total minimum lease payments.	75	$30,424
Less: Amount representing interest	5	
Present value of net minimum lease payments	$70	

</TABLE>

Lease agreements frequently include renewal options and require that the Company pay for utilities, taxes, insurance and maintenance expense. Options to purchase also are included in some lease agreements, particularly capital leases.

7. INCOME TAXES

Effective January 1, 1992, the Company adopted SFAS No. 109, Accounting for Income Taxes. The cumulative effect of applying the new accounting method to years prior to 1992 increased net earnings by $3,005,000 ($.08 per share), which was reflected separately in the consolidated statement of earnings for the first quarter of 1992. The cumulative effect is not included in any of the summary information provided below. Implementation of the new method had no material impact on 1993 or 1992 earnings.

The components of earnings before income taxes are as follows (in thousands of dollars):

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Domestic.	$123,932	$132,370	$75,746
Foreign	1,290	(1,644)	(2,299)
Total	$125,222	$130,726	$73,447

</TABLE>

Provisions for income taxes consist of the following (in thousands of dollars):

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Current:			
Federal	$33,179	$38,798	$ 30,369
State and local	4,277	8,016	5,958
Foreign	4	19	30
Total	37,460	46,833	36,357
Deferred:			
Federal	(59)	(5,988)	(13,054)
State and local	(408)	(1,099)	(2,436)
Total	(467)	(7,087)	(15,490)
Total provision	$36,993	$39,746	$ 20,867

</TABLE>

The provisions for income taxes differ from amounts computed by applying the federal statutory rate to earnings before income taxes due to the following reasons (in thousands of dollars):

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Taxes at federal statutory rate	$43,828	$44,447	$24,972
Increase (decrease) in taxes resulting from:			
Depletion	(9,092)	(8,114)	(7,004)
State and local income taxes, net of federal income tax benefit	2,516	4,563	2,325
Adjustment to December 31, 1992, net deferred income tax liability for enacted federal tax rate change	1,110	0	0
Miscellaneous items	(1,369)	(1,150)	574
Total provision	$36,993	$39,746	$20,867

</TABLE>

The effective tax rate on income differs from the U. S. statutory rate due to the following:

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>

Federal statutory tax rate.	35.0%	34.0%	34.0%
Increase (decrease) in tax rate resulting from:			
Depletion	(7.3)	(6.2)	(9.5)
State and local income taxes, net of federal income tax benefit	2.0	3.5	3.2
Adjustment to December 31, 1992, net deferred income tax liability for enacted federal tax rate change	0.9	0.0	0.0
Miscellaneous items	(1.1)	(0.9)	0.7
Effective tax rate.	29.5%	30.4%	28.4%

</TABLE>

Deferred income taxes on the balance sheet result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. The components of the net deferred income tax liability are as follows (in thousands of dollars):

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Deferred tax assets related to:			
Accrual for postretirement benefits	$11,117	$ 9,900	$ 8,093
Accrual for environmental reclamation	8,675	11,639	13,392
Accounts receivable, principally allowance for doubtful accounts	3,075	2,820	2,633
Inventory adjustments	7,231	6,985	6,376
Pensions, incentives and deferred compensation	4,827	4,361	1,664
Other items	6,126	5,633	6,559
Total deferred tax assets	41,051	41,338	38,717
Deferred tax liabilities related to:			
Fixed assets, principally depreciation. . . .	83,175	84,461	92,239
Other items	5,171	4,656	4,204
Total deferred tax liabilities.	88,346	89,117	96,443
Net deferred tax liability.	$47,295	$47,779	$57,726

</TABLE>

8. PENSION, OTHER POSTRETIREMENT BENEFIT AND INCENTIVE COMPENSATION PLANS

In 1991 the Company merged seven of its hourly flat dollar pension plans into a single plan, reducing the total number of Company sponsored noncontributory, defined benefit pension plans from nine to three. These plans cover substantially all employees other than those covered by union-administered plans. Normal retirement age is 65, but the plans contain provisions for earlier retirement. Benefits for the Salaried Plan and the Chemicals Hourly Plan are based on salaries or wages and years of service; the Construction Materials Hourly Plan provides benefits equal to a flat dollar amount for each year of service.

Charges to earnings referable to company-administered pension plans totaled $2,148,000 in 1993, $2,216,000 in 1992 and $561,000 in 1991. Components of the net periodic pension charges are as follows (in thousands of dollars):

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Service cost - benefits earned during the period	$ 8,286	$ 8,072	$ 6,438
Interest cost	16,195	15,465	14,108
Actual return on plan assets.	(32,280)	(15,176)	(50,049)
Net amortization and deferral	9,947	(6,145)	30,064
Net periodic pension charge	$ 2,148	$ 2,216	$ 561

</TABLE>

The Company's qualified pension plans have assets in excess of the accumulated benefit obligation. Plan assets are composed primarily of marketable domestic and international equity securities, corporate and government debt securities and real estate. Unrecognized net plan assets at the implementation of SFAS No. 87, Employers' Accounting for Pensions, in 1986 are being amortized over the average of the covered employees' remaining service lives, which range from 12 to 16 years. The following table reconciles the funded status of all the Company's plans with the related amounts recognized in the Company's consolidated balance sheets at December 31 (in thousands of dollars):

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Actuarial present value of benefit obligations:			
Based on employment service to date and current salary levels:			
Vested.	$(139,958)	$(120,923)	$(115,311)
Nonvested	(5,927)	(5,087)	(4,934)
Accumulated benefit obligation	(145,885)	(126,010)	(120,245)
Effect of projected future salary increases.	(85,297)	(71,511)	(68,529)

Projected benefit obligation.	(231,182)	(197,521)	(188,774)
Plan assets at fair market value	271,821	248,558	242,946
Plan assets in excess of projected benefit obligation.	40,639	51,037	54,172
Unamortized portion of unrecognized net asset at implementation of SFAS No. 87	(20,167)	(23,638)	(27,109)
Unrecognized net gain	(16,395)	(22,300)	(16,320)
Unrecognized prior service cost.	9,308	10,145	6,426
Net prepaid pension cost.	$ 13,385	$ 15,244	$ 17,169

</TABLE>

Annual net periodic pension charges and credits are calculated using plan assumptions as of the end of the prior year, whereas the funded status and related pension obligations are determined using the assumptions as of the end of the current year. Plan assumptions at December 31 were as follows:

<TABLE>

<CAPTION>

	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>
Discount rates used to determine the pension obligations				
- First 18 years.	7.25%	8.00%	8.00%	9.00%
- Thereafter	7.25	6.75	6.75	7.50
Discount rates used to determine the net periodic cost and other recognized gains				
- First 18 years.	8.00	8.00	8.00	9.00
- Thereafter	6.75	6.75	6.75	7.50
Rates of increase in compensation levels (for salary-related plans).	5.50	5.50	5.50	6.00
Expected long-term rates of return on plan assets	8.25	8.25	8.25	8.25

</TABLE>

The Company funds the pension trusts currently in amounts determined under the individual entry age level premium method, including benefit increases expected as a result of projected wage and salary increases occurring between the date of valuation and the individual retirement dates.

Certain of the Company's hourly employees in unions are covered by multi-employer defined benefit pension plans. Contributions to these plans approximated $1,637,000 in 1993, $1,281,000 in 1992 and $1,223,000 in 1991. The actuarial present value of accumulated plan benefits and net assets available for benefits for employees in the union-administered plans are not determinable from available information.

In addition to pension benefits, the Company provides certain health care benefits and life insurance for some retired employees. Substantially all of the Company's salaried employees and, where applicable, hourly employees may become eligible for those benefits if they reach at least age 55 and meet certain service requirements while working for the Company. Generally, company-provided health care benefits terminate when covered individuals become eligible for Medicare benefits or reach age 65, whichever first occurs.

Effective January 1, 1989, the Company changed to an accrual method of accounting for the aforementioned postretirement benefits based on actuarially determined costs to be accrued over the period from the date of hire to the full eligibility date of employees who are expected to qualify for benefits. In December 1990 the Financial Accounting Standards Board issued SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, which requires the use of an accrual method. Effective in 1992, the Company modified its benefit calculation methodology to fully comply with SFAS 106 with no significant effect on earnings. The cost of providing postretirement benefits under the accrual method amounted to $4,370,000 in 1993, $3,936,000 in 1992 and $3,749,000 in 1991.

The components of net periodic postretirement benefit charges and credits are as follows (in thousands of dollars):

<TABLE>

<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Service cost - benefits attributed to service during the period.	$1,536	$1,418	$1,194
Interest cost	2,792	2,514	2,562
Actual return on assets	(136)	(124)	(127)
Net amortization and deferral	178	128	120
Net periodic postretirement benefit cost.	$4,370	$3,936	$3,749

</TABLE>

If the 1993, 1992 and 1991 costs had been determined under the previous method, which recognized the cost of providing postretirement benefits by expensing the contributions when made, the amounts would have been $1,872,000,

$1,547,000 and $1,275,000, respectively.

The Company funds the postretirement benefits plan each year through contributions to a trust fund for health care benefits and through payments of premiums to providers of life insurance. All assets of the plan relate to the life insurance and are composed of reserves held by the insurer. The following table sets forth the combined funded status of the plan and its reconciliation with the related amounts recognized in the Company's consolidated balance sheet at December 31 (in thousands of dollars):
<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Accumulated postretirement benefit obligation:			
Retirees.	$(11,471)	$(10,032)	$ (9,328)
Fully eligible active plan participants	(11,982)	(10,788)	(9,317)
Other active plan participants.	(16,004)	(13,363)	(12,015)
Total accumulated postretirement benefit obligation.	(39,457)	(34,183)	(30,660)
Plan assets at fair market value.	2,378	2,171	1,995
Accumulated postretirement benefit obligation in excess of plan assets	(37,079)	(32,012)	(28,665)
Unrecognized prior service cost	7	7	8
Unrecognized net loss	8,495	5,925	4,967
Accrued postretirement benefit cost . . .	$(28,577)	$(26,080)	$(23,690)

</TABLE>

Annual net periodic postretirement benefit charges and credits are calculated using plan assumptions as of the end of the prior year, whereas the funded status and related benefit obligations are determined using the assumptions as of the end of the current year. Plan assumptions at December 31 were as follows:
<TABLE>
<CAPTION>

	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>
Discount rates				
- First 18 years.	7.25%	8.00%	8.00%	9.00%
- Thereafter	7.25	6.75	6.75	7.50
Expected long-term rate of return on plan assets	7.00	7.00	7.00	7.00
Rate of increase in per capita claims cost				
- First year	13.0	14.0	7.5	7.5
- Ultimate rate	6.0	6.0	7.5	7.5

</TABLE>

Effective December 31, 1992, the assumed annual rate of increase in per capita claims cost was changed to reflect current rates of claims cost increase. A decrease of 1.0% per year in the rate is assumed until an ultimate rate of 6.0% is achieved. If the health care cost trend rates were increased 1.0% each year, the accumulated postretirement benefit obligation as of December 31, 1993 would have increased by $2,662,000 (or 6.7%) and the aggregate of the service and interest cost for 1993 would have increased by $346,000 (or 8.0%).

In November 1992, the Financial Accounting Standards Board issued SFAS No. 112, Employers' Accounting for Postemployment Benefits, and adoption is required by the Company in 1994. The Company anticipates no material impact from adoption.

The Company has a number of incentive compensation plans under which awards are made to officers and other key employees. Expense provisions referable to the plans amounted to $4,295,000 in 1993, $7,467,000 in 1992 and $3,306,000 in 1991. The expense provisions for these plans reflect the cost of distributions payable currently as well as distributions that may be payable in future periods if certain conditions are satisfied. Expense provisions for certain of the plans also are affected by changes in the market value of the Company's common stock.

9. OTHER COMMITMENTS AND CONTINGENT LIABILITIES

In 1987 the Company formed three jointly-owned companies with Industrias ICA, S.A. de C.V., ("Indica"), a principal member of Grupo ICA, one of Mexico's leading diversified industrial entities, to develop and operate a limestone quarry on Mexico's Yucatan Peninsula and to import Mexican crushed stone for sale along the U.S. Gulf Coast (the "Crescent Market Project"). The shareholder agreements for these three companies provide that each sponsor will contribute its share of the equity required to fund the project. The Company's share of $68,188,000 had been contributed by December 31, 1993; Indica contributed a substantially equal pro rata amount. Two of the jointly-owned companies have entered into term loan agreements to fund up to $90,750,000 of their investments. The current balance of these loans is $71,668,000. The Company and Indica have agreed to guarantee these loans on a several and pro rata basis equal to approximately 50% each. Certain of the loan guarantees will be terminated if and when the project meets defined financial tests. In addition, the Company has approximately $3,700,000 outstanding from the three companies at December 31, 1993 as its share of loans to the project.

Other commitments of the Company include the purchase of property, plant and equipment approximating $11,661,000 at December 31, 1993.

The Company is a defendant in various lawsuits incident to the ordinary course of business. It is not possible to determine with precision the probable outcome or the amount of liability, if any, under these lawsuits; however, in the opinion of the Company and its counsel, the disposition of these lawsuits will not adversely affect the consolidated financial statements of the Company to a material extent.

As indicated in the Notes to Financial Statements in the Company's 1992 Annual Report, the Company received a letter from the United States Environmental Protection Agency ("EPA") in May 1985 regarding remedial actions at a chemical waste site in Ascension Parish, Louisiana. Records indicate that the Company generated a portion of the waste placed at the site, and the Company therefore has been deemed by the EPA to be a potentially responsible party ("PRP") with respect to the site under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA").

On February 5, 1991, the EPA issued a unilateral administrative order ("UAO") which directs the named respondents, including the Company and other PRPs, to clean up the site. In a letter dated April 9, 1991, the Company, along with three other PRPs named in the UAO, gave notice to the EPA that they intend to comply with all lawful terms and conditions of the UAO.

In December 1988, the Company and other PRPs received a letter from the EPA demanding reimbursement for approximately $1,540,000 in past costs and administrative expenses incurred by the EPA in connection with the foregoing matter. Effective June 8, 1992, the Company and other PRPs entered into a Site Participation Agreement ("Agreement") allocating among the parties those costs which are anticipated to be incurred or which might be incurred in connection with the remediation activity at the site and those costs which may be recovered by the EPA or other agencies in connection with their past response work or oversight work at the site. Moreover, in June, 1992, the EPA orally informed the Company and other PRPs that it would seek to recover its response and oversight costs incurred to date, and toward that end has made a supplemental Information Request, pursuant to Section 104(e) of CERCLA, seeking information to support such recovery of costs. The Company responded to the Information Request on July 14, 1992. The demand by EPA for recovery of costs includes the amount previously demanded from the Company and the other PRPs in December 1988.

Cleanup of the site will take an extended period of time. Commencement of cleanup work at the site began in late 1992, and the majority of the costs likely will be incurred in the first three years. The engineering consultants and contractors engaged by the Company and other PRPs have estimated a total cost of $34,700,000 to complete the work required by EPA's final remedial plan.

The Company has reviewed the cost estimates and information currently available relative to EPA's most recent request for recovery of its costs. On the basis of this review, the Company has determined that its accrued reserve is adequate to cover its allocated share of currently anticipated site remediation costs and those response and oversight costs which may be recovered by the EPA. The Company will continue to review relevant cost information as it becomes available, particularly information relative to the EPA's request for recovery of its costs. The Company has begun to make payments from its accrued reserve pursuant to the Agreement.

The Company has been identified by government authorities and certain private parties as potentially responsible for cleanup costs at various other sites, including sites formerly owned and operated by the Company. The operations of the Company also continue to be affected by the compliance requirements of various laws, regulations, administrative orders and permits relating to protection of the environment. Although future costs of cleanup at other sites and the future costs of environmental compliance may be significant, the Company does not believe that these matters and the aforementioned potential share of cleanup costs for the Ascension Parish site will adversely affect the consolidated financial statements of the Company to a material extent.

The Company's consolidated balance sheets as of December 31 include accrued environmental cleanup costs for the Chemicals segment of $19,100,000 for 1993, $26,530,000 for 1992 and $30,371,000 for 1991. These amounts include noncurrent liabilities of $5,701,000, $17,458,000 and $27,376,000, respectively.

In the fourth quarter of 1987, the Company discontinued its former Metals segment and recorded a loss on disposal that reflected provisions for phaseout costs, including the estimated cost of contractual liabilities associated with environmental remediation at several Metals plants. Whereas the costs for many contractual liabilities associated with environmental remediation were reasonably ascertainable when an additional provision for estimated phaseout costs was recorded in 1989, the estimates for other such liabilities vary widely and could result in future increases, or possibly decreases, in the total provision for phaseout costs. Factors that might have an impact on such estimates include the results of further environmental testing, engineering analyses and planning, and negotiations among interested parties. The Company has completed several environmental remediation projects at certain of these Metals plants, and expenditures were within recorded provisions. While completion of these projects represents significant progress in addressing the contractual liabilities, several substantial remediation projects remain to be completed by the Company.

Current liabilities reported on the Company's consolidated balance sheets include accrued provisions for discontinued operations in the following amounts as of December 31: $1,583,000 in 1993; $2,666,000 in 1992; and $3,706,000 in 1991. In addition, other noncurrent liabilities include $2,650,000 each in 1993, 1992 and 1991 referable to discontinued operations.

An antidumping petition was filed on May 20, 1992, with the International Trade Commission ("ITC"), by two stone producers and a stone distributor in southwest Texas alleging that a U.S. industry was being injured by imports of crushed limestone from Mexico. The companies involved in the Crescent Market Project quarry and crush limestone from Mexico's Yucatan Peninsula for sale along the U.S. Gulf Coast. On June 29, 1992, the ITC, in a 5-0 vote (with one commissioner not participating), determined that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury by the importation of crushed limestone from Mexico. This ruling was appealed to the United States Court of International Trade ("CIT"), where the determination of the ITC was sustained and the action dismissed. The judgment of the CIT was then appealed to the United States Court of Appeals for the Federal Circuit, where oral argument was heard in February 1994. No decision has been rendered on the appeal.

10. COMMON STOCK

A total of 10,499,963 shares has been purchased at a cost of $363,911,000 pursuant to a common stock purchase plan initially authorized by the Board of Directors in July 1985 and increased in subsequent years, and pursuant to a tender offer during the period November 5, 1986 through December 4, 1986. The number of shares remaining under purchase authorizations was 1,074,672 as of December 31, 1993.

11. SEGMENT DATA

Operations in the Company's Construction Materials segment principally involve the production and sale of crushed aggregates and related products and services. The Chemicals segment produces and sells inorganic and organic chemicals.

Segment data referable to net sales to unaffiliated customers, earnings, property additions, and depreciation, depletion and amortization are provided in Segment Financial Data on pages 60 and 61.

The Company's determination of segment earnings recognizes equity in the income or losses of nonconsolidated affiliates of the Construction Materials segment as part of segment earnings and also reflects allocations of general corporate expenses to the segments. SFAS No. 14, Financial Reporting for Segments of a Business Enterprise, does not provide for the inclusion of these items in "operating profit or loss of reportable segments." The net amounts of those items were expenses of $15,542,000 in 1993, $17,819,000 in 1992 and $17,475,000 in 1991.

Segment earnings are reconciled with earnings before income taxes as follows (in thousands of dollars):
<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Segment earnings.	$134,089	$139,609	$84,407
Interest income, etc.	304	885	245
Interest expense.	(9,171)	(9,768)	(11,205)
Earnings before income taxes.	$125,222	$130,726	$73,447

</TABLE>

Identifiable assets by segment at December 31 are as follows (in thousands of dollars):
<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Construction Materials.	$ 670,079	$ 688,898	$ 710,061
Chemicals	288,720	285,163	267,595
Total identifiable assets	958,799	974,061	977,656
Investment in nonconsolidated affiliates.	51,054	43,424	39,051
General corporate assets.	54,702	50,761	37,411
Cash items.	13,996	15,669	18,993
Total assets.	$1,078,551	$1,083,915	$1,073,111

</TABLE>

12. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information referable to the Consolidated Statements of Cash Flows is summarized below (amounts in thousands):

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Cash payments:			
Interest (exclusive of amount capitalized)	$ 9,198	$10,073	$11,632
Income taxes	41,393	45,413	34,205
Noncash investing and financing activities:			
Amounts referable to business acquisitions:			
Other liabilities assumed	-	213	54
Debt issued in purchase of property, plant and equipment	-	191	40

</TABLE>

13. IMPAIRMENT AND LIQUIDATION OF ASSETS

In 1987 the Company acquired the White's Mines businesses, located in Texas. The long- range forecasts underlying that acquisition proved to be overly optimistic because of sharply lower oil prices and substantially weaker demand for construction materials. Updated long- term forecasts indicated no recovery to originally anticipated levels; consequently, management concluded that the Company's Texas assets should be written down to estimated recoverable value. In the fourth quarter of 1991, the Company recorded a pretax write-down of $16,217,000, which reduced consolidated net earnings by $10,088,000, or $.26 per common share.

In the third quarter of 1991, the Company initiated a phased liquidation of its construction materials business in south and east Florida, which included two stone quarries, a sales yard and two ready-mixed concrete plants. This decision reflected both the effects of unattractive market conditions and significant real estate values associated with certain land parcels utilized in the business. Together, these factors made it difficult to earn acceptable returns on the assets employed at those locations. In the fourth quarter of 1991, the Company recorded a pretax provision of $4,930,000 for shutdown costs associated with the liquidation of these assets. As a result, consolidated net earnings were reduced by $3,067,000, or $.08 per common share. Due to potentially long lead-times and other uncertainties involved in selling real estate, any gains from such sales will be recorded when realized.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING AND INTERNAL CONTROL

The Shareholders of Vulcan Materials Company:

Vulcan's management acknowledges and accepts its responsibility for all the information contained in the financial statements and other sections of this report. The statements were prepared in conformity with generally accepted accounting principles appropriate in the circumstances and we believe they reflect fairly the Company's financial position, results of operations and cash flows for the periods shown. The financial statements necessarily reflect our informed judgments and estimates of the expected outcome of numerous current events and transactions.

The Company maintains an internal control structure which we believe provides reasonable assurance that the Company's financial statements, books and records accurately reflect the Company's financial condition, results of operations and cash flows and that the Company's assets are safeguarded from loss or unauthorized use. This internal control structure includes well-defined and communicated policies and procedures, organizational structures that provide for appropriate separations of responsibilities, high standards applied in the selection and training of management personnel, and adequate procedures for properly assessing and applying accounting principles, including careful consideration of the accuracy and appropriateness of all significant accounting estimates. Vulcan also has an internal audit function that continually reviews compliance with established policies and procedures.

The Company's independent auditors, Deloitte & Touche, consider the internal control structure as a part of their audits of the Company's financial statements and provide an independent opinion as to the fairness of the presentation of those statements. Their report is presented below.

The Board of Directors pursues its oversight role for the financial statements and internal control structure in major part through the Audit Review Committee, which is composed of five outside directors. In addition, the full Board regularly reviews detailed management reports covering all aspects of the Company's financial affairs. The Audit Review Committee meets periodically with management, the independent auditors and the internal auditors to review the work of each and to ensure that each is properly discharging its responsibilities. To ensure independence, the Committee also meets on these matters with the internal and independent auditors without the presence of management representatives.

/s/ D. F. Sansone
Vice President, Finance

February 4, 1994

INDEPENDENT AUDITORS' REPORT

The Shareholders of Vulcan Materials Company:

We have audited the accompanying consolidated balance sheets of Vulcan Materials Company and its subsidiary companies as of December 31, 1993, 1992 and 1991, and the related consolidated statements of earnings, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Vulcan Materials Company and its subsidiary companies at December 31, 1993, 1992 and 1991, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche
Birmingham, Alabama
February 4, 1994

FINANCIAL TERMINOLOGY

Capital employed	For the Company: the sum of interest-bearing debt, capitalized lease obligations, other noncurrent liabilities and shareholders' equity; for a segment: the net sum of the segment's assets, current liabilities, and allocated corporate assets and current liabilities, exclusive of cash items and short-term debt
Cash items	The sum of cash, cash equivalents and short-term investments
Common shareholders' equity	The sum of common stock (less the cost of common stock in treasury), capital in excess of par value and retained earnings, as reported in the balance sheet
Long-term capital	The sum of long-term debt, long-term capitalized lease obligations, other noncurrent liabilities and shareholders' equity
Operating income from continuing operations after taxes	For the Company: net earnings from continuing operations plus the after-tax cost of interest expense; for a segment: segment earnings less the segment's computed share of the consolidated provision for income taxes
Property additions *	Capitalized replacements of and additions to property, plant and equipment (and such assets of businesses acquired), including capitalized leases, renewals and betterments; each segment's property additions include allocated corporate amounts
Ratio of earnings to fixed charges	The sum of earnings from continuing operations before income taxes, amortization of capitalized interest and fixed charges net of interest capitalization credits, divided by fixed charges. Fixed charges are the sum of interest expense before capitalization credits, amortization of financing costs and one-third of rental expense.
Segment earnings	Earnings before interest expense and income taxes and after allocation of corporate expenses and income, other than "interest income, etc.," (principally interest income earned on cash items and gains or losses on corporate financing transactions), and after assignment of equity income to the segments with which it is related in terms of products and services. Allocations

	are based primarily on one or a combination of the following factors: average gross investment, average equity and sales.
Short-term debt	The sum of current interest-bearing debt, including current maturities of long-term debt and capitalized lease obligations, and interest-bearing notes payable

* The Company classifies its property additions into three categories based upon the predominant purpose of the project expenditures. Thus, a project is classified entirely as a replacement if that is the principal reason for making the expenditure even though the project may involve some cost saving and/or capacity improvement aspects. Likewise, a profit adding project is classified entirely as such if the principal reason for making the expenditure is to add operating facilities at new locations (which occasionally replace facilities at old locations), to add product lines, to expand the capacity of existing facilities, to reduce costs, to increase mineral reserves or to improve products, etc.

Property additions classified as environmental control expenditures do not reflect those expenditures for environmental control activities, including industrial health programs, which are expensed currently. Such expenditures are made on a continuing basis and at significant levels in each of the Company's segments. Frequently, profit adding and major replacement projects also include expenditures for environmental control purposes.

Page 53
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VULCAN MATERIALS COMPANY
SUBSIDIARIES
As of December 31, 1993

ENTITY	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION	% OWNED DIRECTLY OR INDIRECTLY BY VULCAN
Subsidiaries		
Atlantic Granite Company1	South Carolina	33 1/3
Birmingham Slag Company1	Alabama	100
BRT Transfer Terminal, Inc.	Kentucky	100
Calizas Industriales del Carmen, S.A. de C.V.	Mexico	49
Central States Materials, Inc.	Kentucky	100
CSM Trucking Company, Inc.	Tennessee	100
Dixie Sand and Gravel Company1	Tennessee	100
Knoxville Mack Distributors, Inc.1	Tennessee	100
Lambert Bros., Inc.1	Tennessee	100
Midsouth Machine and Service Company	Tennessee	100
Reco Transportation, Inc.	Kentucky	100
Reed Crushed Stone Company, Incorporated	Kentucky	100
Reed Terminal Company, Inc.	Kentucky	100
Statewide Transport, Inc.	Texas	100
Vulcan/ICA Distribution Company (Partnership)	Texas	52
Vulcan Gulf Coast Aggregates, Inc.	New Jersey	100
Vulcan Gulf Coast Materials, Inc.	New Jersey	100
Vulcan International, Ltd.	U.S. Virgin Islands	100
Vulcan Lands, Inc.	New Jersey	100
Vulcan Peroxidation Systems Inc.2	New Jersey	100
Vulcan Soda Ash Company	California	100
VULICA Shipping Company, Limited	Bahamas	50
Wanatah Trucking Co., Inc.	Indiana	100
Wesco Contracting Company1	Tennessee	100
White's Mines, Inc.1	Texas	100

1 Inactive
2 Formed in January 1994
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POWER OF ATTORNEY

STATE OF GEORGIA)
COUNTY OF FULTON)

The undersigned director of Vulcan Materials Company, a New Jersey corporation, hereby nominates, constitutes and appoints W. F. Denson, III, and E. Starke Sydnor, and each of them, the true and lawful attorneys of the undersigned to sign the name of the undersigned as director to the End Report on Form 10-K for the year ended December 31, 1993 of said corporation to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and to any and all amendments to said report.

The undersigned hereby grants to said attorneys full power of substitution, resubstitution and revocation, all as fully as the undersigned could do if personally present, hereby ratifying all that said attorneys or their substitutes may lawfully do by virtue hereof.

IN WITNESS WHEREOF, the undersigned director of Vulcan Materials Company has executed this Power of Attorney this 22nd day of February, 1994.

/s/ James V. Napier
James V. Napier

STATE OF GEORGIA)
COUNTY OF FULTON)

On this 22 day of February in the year 1994, before me, Rheta Johnson, a Notary Public of said State, duly commissioned and sworn, personally appeared James V. Napier, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

/s/ Rheta Johnson
Notary Public in and for said State

[SEAL]

My Commission Expires:

June 10, 1995

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POWER OF ATTORNEY

STATE OF CONNECTICUT)
COUNTY OF FAIRFIELD)

The undersigned director of Vulcan Materials Company, a New Jersey corporation, hereby nominates, constitutes and appoints W. F. Denson, III, and E. Starke Sydnor, and each of them, the true and lawful attorneys of the undersigned to sign the name of the undersigned as director to the End Report on Form 10-K for the year ended December 31, 1993 of said corporation to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and to any and all amendments to said report.

The undersigned hereby grants to said attorneys full power of substitution, resubstitution and revocation, all as fully as the undersigned could do if personally present, hereby ratifying all that said attorneys or their substitutes may lawfully do by virtue hereof.

IN WITNESS WHEREOF, the undersigned director of Vulcan Materials Company has executed this Power of Attorney this 23rd day of February, 1994.

/s/ Marion H. Antonini
Marion H. Antonini

STATE OF CONNECTICUT)
COUNTY OF FAIRFIELD)

On this 23rd day of February in the year 1994, before me, Kathleen W. Allen, a Notary Public of said State, duly commissioned and sworn, personally appeared Marion H. Antonini, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

/s/ Kathleen W. Allen
Notary Public in and for said State

[SEAL]

My Commission Expires:

June 30, 1998

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POWER OF ATTORNEY

STATE OF ILLINOIS)
COUNTY OF COOK)

The undersigned director of Vulcan Materials Company, a New Jersey corporation, hereby nominates, constitutes and appoints W. F. Denson, III, and E. Starke Sydnor, and each of them, the true and lawful attorneys of the undersigned to sign the name of the undersigned as director to the End Report on Form 10-K for the year ended December 31, 1993 of said corporation to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and to any and all amendments to said report.

The undersigned hereby grants to said attorneys full power of substitution, resubstitution and revocation, all as fully as the undersigned could do if personally present, hereby ratifying all that said attorneys or their substitutes may lawfully do by virtue hereof.

IN WITNESS WHEREOF, the undersigned director of Vulcan Materials Company has executed this Power of Attorney this 22nd day of February, 1994.

/s/ John K. Greene
John K. Greene

STATE OF ILLINOIS)
COUNTY OF COOK)

On this 22nd day of February in the year 1994, before me, Renee N. Duba, a Notary Public of said State, duly commissioned and sworn, personally appeared John K. Greene, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

/s/ Renee N. Duba
Notary Public in and for said State

[SEAL]

My Commission Expires:

September 4, 1994

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POWER OF ATTORNEY

STATE OF GEORGIA)
COUNTY OF HALL)

The undersigned director of Vulcan Materials Company, a New Jersey corporation, hereby nominates, constitutes and appoints W. F. Denson, III, and E. Starke Sydnor, and each of them, the true and lawful attorneys of the undersigned to sign the name of the undersigned as director to the End Report on Form 10-K for the year ended December 31, 1993 of said corporation to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and to any and all amendments to said report.

The undersigned hereby grants to said attorneys full power of substitution, resubstitution and revocation, all as fully as the undersigned could do if personally present, hereby ratifying all that said attorneys or their substitutes may lawfully do by virtue hereof.

IN WITNESS WHEREOF, the undersigned director of Vulcan Materials Company has executed this Power of Attorney this 21 day of February, 1994.

/s/ Richard H. Leet
Richard H. Leet

STATE OF GEORGIA)
COUNTY OF HALL)

On this 21st day of February in the year 1994, before me, Janey R. Smith, a Notary Public of said State, duly commissioned and sworn, personally appeared Richard H. Leet, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

/s/ Janey R. Smith
Notary Public in and for said State

[SEAL]

My Commission Expires: 1/24/98

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POWER OF ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

The undersigned director of Vulcan Materials Company, a New Jersey corporation, hereby nominates, constitutes and appoints W. F. Denson, III, and E. Starke Sydnor, and each of them, the true and lawful attorneys of the undersigned to sign the name of the undersigned as director to the End Report on Form 10-K for the year ended December 31, 1993 of said corporation to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and to any and all amendments to said report.

The undersigned hereby grants to said attorneys full power of substitution, resubstitution and revocation, all as fully as the undersigned could do if personally present, hereby ratifying all that said attorneys or their substitutes may lawfully do by virtue hereof.

IN WITNESS WHEREOF, the undersigned director of Vulcan Materials Company has executed this Power of Attorney this 22nd day of February, 1994.

/s/ Donald B. Rice
Donald B. Rice

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On February 22, 1994, before me, Frances B. DeVincent, Notary Public, personally appeared Donald B. Rice, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

/s/ Frances B. DeVincent
Notary Public in and for said State

[SEAL]

My Commission Expires:

September 24, 1994

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POWER OF ATTORNEY

STATE OF MINNESOTA)
COUNTY OF WASHINGTON)

The undersigned director of Vulcan Materials Company, a New Jersey corporation, hereby nominates, constitutes and appoints W. F. Denson, III, and E. Starke Sydnor, and each of them, the true and lawful attorneys of the undersigned to sign the name of the undersigned as director to the End Report on Form 10-K for the year ended December 31, 1993 of said corporation to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and to any and all amendments to said report.

The undersigned hereby grants to said attorneys full power of substitution, resubstitution and revocation, all as fully as the undersigned could do if personally present, hereby ratifying all that said attorneys or their substitutes may lawfully do by virtue hereof.

IN WITNESS WHEREOF, the undersigned director of Vulcan Materials Company has executed this Power of Attorney this 22nd day of February, 1994.

/s/ Livio D. DeSimone
Livio D. DeSimone

STATE OF MINNESOTA)
COUNTY OF WASHINGTON)

On this 22nd day of February in the year 1994, before me, Joan Deshler, a Notary Public of said State, duly commissioned and sworn, personally appeared Livio D. DeSimone, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

/s/ Joan F. Deshler
Notary Public in and for said State

[SEAL]

My Commission Expires:

July 26, 1997

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POWER OF ATTORNEY

STATE OF OHIO)
COUNTY OF CUYAHOGA)

The undersigned director of Vulcan Materials Company, a New Jersey corporation, hereby nominates, constitutes and appoints W. F. Denson, III, and E. Starke Sydnor, and each of them, the true and lawful attorneys of the undersigned to sign the name of the undersigned as director to the End Report on Form 10-K for the year ended December 31, 1993 of said corporation to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and to any and all amendments to said report.

The undersigned hereby grants to said attorneys full power of substitution, resubstitution and revocation, all as fully as the undersigned could do if personally present, hereby ratifying all that said attorneys or their substitutes may lawfully do by virtue hereof.

IN WITNESS WHEREOF, the undersigned director of Vulcan Materials Company has executed this Power of Attorney this 21 day of February, 1994.

/s/ Douglas J. McGregor
Douglas J. McGregor

STATE OF OHIO)
COUNTY OF CUYAHOGA)

On this 21 day of February in the year 1994, before me, Barbara A. Haag, a Notary Public of said State, duly commissioned and sworn, personally appeared Douglas J. McGregor, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

/s/ Barbara A. Haag
Notary Public in and for said State

[SEAL]

My Commission Expires:

January 7, 1998

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POWER OF ATTORNEY

DISTRICT OF COLUMBIA)

The undersigned director of Vulcan Materials Company, a New Jersey corporation, hereby nominates, constitutes and appoints W. F. Denson, III, and E. Starke Sydnor, and each of them, the true and lawful attorneys of the undersigned to sign the name of the undersigned as director to the End Report on Form 10-K for the year ended December 31, 1993 of said corporation to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and to any and all amendments to said report.

The undersigned hereby grants to said attorneys full power of substitution, resubstitution and revocation, all as fully as the undersigned could do if personally present, hereby ratifying all that said attorneys or their substitutes may lawfully do by virtue hereof.

IN WITNESS WHEREOF, the undersigned director of Vulcan Materials Company has executed this Power of Attorney this 24th day of February, 1994.

/s/ Ann D. McLaughlin
Ann D. McLaughlin

DISTRICT OF COLUMBIA)

On this 24th day of February in the year 1994, before me, Sarah A. Agnew, a Notary Public of said State, duly commissioned and sworn, personally appeared Ann D. McLaughlin, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

/s/ Sarah A. Agnew
Notary Public in and for said State

[SEAL]

My Commission Expires: 5-31-96

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POWER OF ATTORNEY

STATE OF NEW JERSEY)
COUNTY OF MIDDLESEX)

The undersigned director of Vulcan Materials Company, a New Jersey corporation, hereby nominates, constitutes and appoints W. F. Denson, III, and E. Starke Sydnor, and each of them, the true and lawful attorneys of the undersigned to sign the name of the undersigned as director to the End Report on Form 10-K for the year ended December 31, 1993 of said corporation to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and to any and all amendments to said report.

The undersigned hereby grants to said attorneys full power of substitution, resubstitution and revocation, all as fully as the undersigned could do if personally present, hereby ratifying all that said attorneys or their substitutes may lawfully do by virtue hereof.

IN WITNESS WHEREOF, the undersigned director of Vulcan Materials Company has executed this Power of Attorney this 1 day of March, 1994.

/s/ Orin R. Smith
Orin R. Smith

STATE OF NEW JERSEY)
COUNTY OF MIDDLESEX)

On this 1st day of March in the year 1994, before me, Theresa Richards, a Notary Public of said State, duly commissioned and sworn, personally appeared Orin R. Smith, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

/s/ Theresa Richards
Notary Public in and for said State

[SEAL]

My Commission Expires: June 27, 1995

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SCHEDULE VI

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

PROPERTY, PLANT AND EQUIPMENT

For the Years Ended December 31, 1993, 1992 and 1991
Amounts in Thousands

Column A Classification	Column B Balance at Beginning of Period	Column C Additions at Cost	Column D Retirements	Column E Other Changes (1) Add (Deduct)	Column F Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
1993					
Land..................................	$ 54,980	$ 604	$ 737	$ (21)	$ 54,826
Depletable land	87,519	1,162	722	(134)	87,825
Land improvements....................	55,773	3,083	749	98	58,205
Buildings............................	61,088	2,427	551	31	62,995
Machinery and equipment..............	1,317,671	78,948	27,395	3,443	1,372,667
Leaseholds...........................	5,490	325	300	60	5,575
Construction in progress.............	41,912	14,002	2	--	55,912
Total............................	$1,624,433	$100,551	$30,456	$3,477	$1,698,005
1992					
Land..................................	$ 53,329	$ 2,068	$ 387	$ (30)	$ 54,980
Depletable land......................	80,721	6,830	203	171	87,519
Land improvements....................	53,761	2,234	203	(19)	55,773
Buildings............................	58,978	2,049	104	165	61,088
Machinery and equipment..............	1,271,425	73,912	27,573	(93)	1,317,671
Leaseholds...........................	5,556	45	111	--	5,490
Construction in progress.............	30,634	11,353	75	--	41,912
Total............................	$1,554,404	$98,491	$28,656	$ 194	$1,624,433
1991					
Land..................................	$ 51,841	$ 1,784	$ 1,095	$ 799	$ 53,329
Depletable land......................	89,838	5,904	14,066	(955)	80,721
Land improvements....................	54,251	1,332	1,370	(452)	53,761
Buildings............................	57,093	2,509	693	69	58,978
Machinery and equipment..............	1,238,565	70,896	38,549	513	1,271,425
Leaseholds...........................	5,283	247	--	26	5,556
Construction in progress.............	27,922	3,049	337	--	30,634
Total............................	$1,524,793	$85,721	$56,110	$ --	$1,554,404

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(1) Net reclassifications.
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SCHEDULE VII

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

ALLOWANCE FOR DEPRECIATION, DEPLETION AND AMORTIZATION

For the Years Ended December 31, 1993, 1992 and 1991
Amounts in Thousands

Column A Classification	Column B Balance at Beginning of Period	Column C Additions Charged to Costs and Expenses	Column D Retirements	Column E Other Changes (1) Add (Deduct)	Column F Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
1993					
Depletable land........................	$ 13,066	$ 960	$ 198	$ (1)	$ 13,827
Land improvements......................	27,624	3,146	741	641	30,670
Buildings..............................	35,857	2,814	432	(16)	38,223
Machinery and equipment................	882,554	95,703	24,599	2,173	955,831
Leaseholds.............................	1,611	157	100	1	1,669
Total..............................	$960,712	$102,780	$26,070	$2,798	$1,040,220
1992					
Depletable land........................	$ 11,948	$ 948	$ 25	$ 195	$ 13,066
Land improvements......................	25,291	3,095	156	(606)	27,624
Buildings..............................	33,184	2,733	66	6	35,857
Machinery and equipment................	807,074	96,424	21,544	600	882,554
Leaseholds.............................	1,467	144	--	--	1,611
Total..............................	$878,964	$103,344	$21,791	$ 195	$ 960,712
1991					
Depletable land........................	$ 12,160	$ 1,384	$ 1,595	$ (1)	$ 11,948
Land improvements......................	23,201	3,091	1,001	--	25,291
Buildings..............................	30,844	2,739	399	--	33,184
Machinery and equipment................	736,559	102,382	31,867	--	807,074
Leaseholds.............................	1,338	128	--	1	1,467
Total..............................	$804,102	$109,724	$34,862	$ --	$ 878,964

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SCHEDULE IX

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

For the Years Ended December 31, 1993, 1992 and 1991
Amounts in Thousands

Column A	Column B	Column C	Column D	Column E	Column F
		Additions Charged to			
Description	Balance at Beginning of Period	Costs and Expenses	Other Accounts	Deductions	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
Reserves deducted from assets to which they apply:					
1993					
Accrued environmental costs.............	$26,530	$ (110)		$7,320 (1)	$19,100
Doubtful receivables....................	6,814	1,237		767 (2)	7,284
Cash discounts..........................	92	1,411		1,391 (3)	112
Allowance for slow-moving inventories of finished products..................	460	--		--	460
Allowance for slow-moving inventories of parts and supplies.................	4,526	(2,572)		98 (5)	1,856
Total................................	$38,422	$ (34)		$9,576	$28,812
1992					
Accrued environmental costs.............	$30,371	$ 3,184		$7,025 (1)	$26,530
Doubtful receivables....................	6,267	1,666		1,119 (2)	6,814
Cash discounts..........................	89	1,409		1,406 (3)	92
Allowance for slow-moving inventories					

of finished products..................	513	(53)		--	460
Allowance for slow-moving inventories of parts and supplies.................	4,663	(148)		(11)(4)	4,526
Total................................	$41,903	$ 6,058		$9,539	$38,422
1991					
Accrued environmental costs.............	$30,207	$ 2,797		$2,633 (1)	$30,371
Doubtful receivables....................	5,293	1,730		756 (2)	6,267
Cash discounts..........................	78	1,271		1,260 (3)	89
Allowance for slow-moving inventories of finished products..................	349	164		--	513
Allowance for slow-moving inventories of parts and supplies..................	4,424	239		--	4,663
Total................................	$40,351	$ 6,201		$4,649	$41,903

<FN>
(1) Expenditures on environmental remediation projects
(2) Write-offs of uncollectible accounts and worthless notes, less recoveries
(3) Cash discounts allowed
(4) Write-offs of parts and supplies, less parts sold
(5) Inventory revaluation
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SCHEDULE X

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

SHORT-TERM BORROWINGS

For the Years Ended December 31, 1993, 1992 and 1991
Dollar Amounts in Thousands

Column A Category of Aggregate Short-Term Borrowings	Column B Balance at End of Period	Column C Weighted Average Interest Rate	Column D Maximum Amount Outstanding During the Period	Column E Average Amount Outstanding During the Period (1)	Column F Weighted Average Interest Rate During the Period (2)
<S>	<C>	<C>	<C>	<C>	<C>
Year ended December 31, 1993:					
Notes payable to banks.................	$ --	--	$ 12,000	$ 1,327	3.34%
Commercial paper.......................	--	--	63,000	24,202	3.23
All categories.........................	--	--	64,000	25,529	3.24
Year ended December 31, 1992:					
Notes payable to banks.................	$ --	--	$ 9,500	$ 529	4.46%
Commercial paper.......................	--	--	56,000	20,763	3.75
All categories.........................	--	--	56,300	21,292	3.77
Year ended December 31, 1991:					
Notes payable to banks.................	$ --	--	$ 14,900	$ 1,430	6.70%
Commercial paper.......................	9,763	5.79%	128,000	73,579	6.52
All categories.........................	9,763	5.79%	128,000	75,009	6.52

<FN>
(1) The average amount outstanding during the period was computed by dividing the total of the daily outstanding principal balances by the actual number of days in the calendar year.

(2) The weighted average interest rate during the period was computed by dividing the actual interest expense by the average amount outstanding during the period.
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SCHEDULE XI

VULCAN MATERIALS COMPANY AND SUBSIDIARY COMPANIES

SUPPLEMENTARY INCOME STATEMENT INFORMATION

For the Years Ended December 31, 1993, 1992 and 1991
Amounts in Thousands

	Charged to Costs and Expenses		
	1993	1992	1991
<S>	<C>	<C>	<C>
Repairs and maintenance........................	$120,018	$115,715	$111,407
Depreciation, depletion and amortization.......	102,780	103,344	109,724
Taxes other than income:			
Payroll.....................................	19,536	17,952	17,125
Property, franchise, etc.....................	17,967	17,924	17,325
Royalties......................................	15,811	14,332	14,175
Advertising....................................	460	512	537

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-----END PRIVACY-ENHANCED MESSAGE-----

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Activity Tracking

Case Oversight Report

MCKESSON ENVIRO SYSTEMS COMPANY

G000001416 **MCKESSON ENVIRO SYSTEMS**

Document Status	Activity Number	Bureau	Case Location	Case Manager	Phone
Active	RPC000001	BCM	600 DOREMUS AVE Newark City, NJ 07105	WALTERS, MARK	(609) 633 - 1486

Case Status
Assigned to Program

Confirm Contamination	Is NFA ?	Remedial Level
Yes	No	C3: Multi-Phased RA - Unknown or Uncontrolled Discharge to Soil or GW

Case Types	Start Date
ACO	8/20/1993

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Last Updated: December 13, 2005

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Activity Tracking

Activity Tracking Report

G000001416

MCKESSON ENVIRO SYSTEMS COMPANY

Last Task Completed	Completed
Schedule Approved	1/16/2009

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statewide: njhome | citizen | business | government | services A to Z | departments | search

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Classification Exception Area/Well restriction Area

Case Information

CEA ID: CEA - 1723
Activity Number RPC000001
Subject Item ID: CEA1153805

Case ID G000001416 RPC000001
Preferred Id G000001416
Case MCKESSON ENVIRO SYSTEMS COMPANY
Address : 600 DOREMUS AVE

County Essex

City: Newark

Lot and Block of the Case		
Block	**Lot**	
See Exhibit A [Site Location Map]		

Lot and Block of the CEA		
Block	**Lot**	
5070	25	
5070	25A	
5070	47	
5070	49	
5070	51	
Contacts		

DEP WALTERS, MARK
(609) 633 - 1486

Department Oversight Document

CEA Information

Description Identifies ground water contamination in shallow fill with-in the site and slightly offsite. Contaminants of concern are mostly Chlorinated compounds. Some exceedances of BTEX compounds have also be

GW

Case Information

CEA ID: NJD002153922
Activity Number RPC000001
Subject Item ID: GEN1167410

Case ID G000001416 RPC000001
Preferred Id G000001416
Case MCKESSON ENVIRO SYSTEMS COMPANY
Address : 600 DOREMUS AVE

County Essex

City: Newark

Lot and Block of the Case		
Block	**Lot**	
See Exhibit A [Site Location Map]		

Lot and Block of the CEA		
Block	**Lot**	

* There are No CEA Blocks or Lots to report		
Contacts		

DEP WALTERS, MARK
(609) 633 - 1486

Department Oversight Document

CEA Information

Description

GW

Case Information

Case ID	G000001416 RPC000001
Preferred Id	G000001416
Case	MCKESSON ENVIRO SYSTEMS COMPANY
Address :	600 DOREMUS AVE
City:	Newark
County	Essex
CEA ID:	NJD002153922
Activity Number	RPC000001
Subject Item ID:	GEN1167411

Lot and Block of the Case		
Block	**Lot**	
See Exhibit A [Site Location Map]		

Lot and Block of the CEA		
Block	**Lot**	
* There are No CEA Blocks or Lots to report		
Contacts		

DEP WALTERS, MARK
(609) 633 - 1486

Department Oversight Document

CEA Information

Description

GW

Aquifer	Vertical Depth
Glacial Drift	10

Contaminant

This CEA /WRA applies to the contaminants listed in the table below. The ground water quality criteria / primary drinking water standards for these contaminants are listed in parts per billion (ppb). All constituents standards (N.J.A.C. 7:9:9-6) apply at the designated boundary.

Contaminant	Concentration	1	GWQS	2
Benzene	170.00	Micrograms Per Liter	1.00	Micrograms Per Liter
Carbon tetrachloride	310.00	Micrograms Per Liter	2.00	Micrograms Per Liter
Chlorobenzene	39.00	Micrograms Per Liter	50.00	Micrograms Per Liter
Chloroform	4,800.00	Micrograms Per Liter	6.00	Micrograms Per Liter
Dichlorobenzene (1,4-)	220.00	Micrograms Per Liter	75.00	Micrograms Per Liter
Dichloroethane (1,2-)	460.00	Micrograms Per Liter	2.00	Micrograms Per Liter
Ethylidene dichloride	1,000.00	Micrograms Per Liter	70.00	Micrograms Per Liter
Tetrachloroethane (1,1,2,2-)	410.00	Micrograms Per Liter	2.00	Micrograms Per Liter
Tetrachloroethylene	200.00	Micrograms Per Liter	1.00	Micrograms Per Liter
Toluene	1,500.00	Micrograms Per Liter	1,000.00	Micrograms Per Liter
		Micrograms Per		

Trichloroethane (1,1,1)	2,300.00	Liter	30.00	Micrograms Per Liter
Trichloroethane (1,1,2)	470.00	Micrograms Per Liter	3.00	Micrograms Per Liter
Vinyl chloride	200.00	Micrograms Per Liter	5.00	Micrograms Per Liter
Xylenes (total)	6,600.00	Micrograms Per Liter	1,000.00	Micrograms Per Liter

Site

Note:

1 Maximum concentration detected at the time of CEA estblishment

2 Ground Water Quality Standards

CEA Boundaries		
	horizontal	See exhibit B (CEA/WRA Location Map)
	vertical	See exhibit B (CEA/WRA Location Map)
		Included in affected aquifer above

Projected Term of CEA		
Date Established	12/1/2008	
Duration	999.00	Indeterminant
Date Closed/Lifted		
Comments		SOIL RAWP UNDERWAY SEE SUBSITE FOR GROUNDWATER
	Since groundwater quality data indicates excedance of contaminants above the Primary Drinking	Since groundwater quality data indicates excedance of contaminants above the Primary Drinkin
Note	Water Standards, and the designated uses of Class II-A aquifer included potable use, the CEA	Water Standards, and the designated uses of Class II-A aquifer included potable use, the CEA
	established for this site is also a Well restriction Area. The extent of Well Restriction shall	established for this site is also a Well restriction Area. The extent of Well Restriction shall
	coincide with the boundaries of the CEA	coincide with the boundaries of the CEA

Well Restrictions set within boundaries of the CEA

Restrictions	**Well Restriction Boundries**
Evaluate Production Wells	Evaluate Production Wells: Any proposed high capacity production wells in the immediate vicinity of the CEA/WRA should be pre-evaluated to determine if pumping from these wells would draw a portion of the contaminant plume into the cone of capture of the production wells or alter the configuration of the contaminant plume.

Site Specific Well Restrictions

Restriction

Monitor well use is acceptable. However no potable use wells may be installed.

* None at this time

* None at this time

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Inspections Completed At MCKESSON ENVIRO SYSTEMS COMPANY - Program Interest ID: G000001416 Between 10/26/2000 and 1/26/2009 By The Site Remediation Program

Jan 26, 2009 02:11

NOTE: The information contained in this report will be limited to the date each program began using the Department's integrated database, NJEMS. The programs began using the system for this information as follows: Air - 10/1998; Hazardous Waste - 1/2000; Water - 7/2000; TCPA - 12/2001; Land Use 12/2001; DPCC - 1/2002; Solid Waste - 1/2002; Right To Know - 3/2002 and Pesticides - 4/2002. For complete information prior to these dates, please submit an official OPRA request form to the Department. If printing this report, select landscape orientation. For a list of terms and definitions, click on the following link:http://www.state.nj.us/dep/infoview/enforcement.html

Disclaimer: Only final inspection reports are listed in this report. Inspections for which a report has not been finalized by the Department will not appear in this report. Also, inspections which yield violations but where the inspected entity has not yet been notified of the violation are not listed in this report. For inspections indicating Violations Found, this means that one or more alleged violations were observed during the inspection, based on facts and information known to the Department at the time of the inspection. Errors or omissions in the factual basis for any violation may result in a future change in classification as a violation when such information becomes known.

Activity Number	Inspection Type	Start Date of Inspection	Finalized Date	Inspection Results	Inspection Details	Related Enf Actions	Related Violations
SUB 070001	SR-Remedial Investigation Work Plan	2/1/2007	5/1/2007	No Violations Found	Inspection Summary	Enforcement Actions	Violations

Activity Number	Inspection Type	Start Date of Inspection	Finalized Date	Inspection Results	Inspection Details	Related Enf Actions	Related Violations
SUB 070002	SR-Biennial Report for CEA, DER, I&E Controls	4/24/2007	5/4/2007	No Violations Found	Inspection Summary	Enforcement Actions	Violations

Activity Number	Inspection Type	Start Date of Inspection	Finalized Date	Inspection Results	Inspection Details	Related Enf Actions	Related Violations
SUB 070003	SR-Remedial Investigation Report	9/20/2007	12/6/2007	Violations Found	Inspection Summary	Enforcement Actions	Violations

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Inspection Summary Report for MCKESSON ENVIRO SYSTEMS COMPANY - Activity Number SUB 070002

Jan 26, 2009 02:13

NOTE: The information contained in this report will be limited to the date each program began using the Department's integrated database, NJEMS. The programs began using the system for this information as follows: Air - 10/1998; Hazardous Waste - 1/2000; Water - 7/2000; TCPA - 12/2001; Land Use 12/2001; DPCC - 1/2002; Solid Waste - 1/2002; Right To Know - 3/2002 and Pesticides - 4/2002; Site Remediation - 3/2003 and Radiation (limited information) - 7/2006. For complete information prior to these dates, please submit an official OPRA request form to the Department. If printing this report, select landscape orientation. For a list of terms and definitions, click on the following link:http://www.state.nj.us/dep/infoview/enforcement.html

Disclaimer: Only final inspection reports are listed in this report. Inspections for which a report has not been finalized by the Department will not appear in this report. Also, inspections which yield violations but where the inspected entity has not yet been notified of the violation are not listed in this report. For inspections indicating Out of Compliance, this means that violations were observed during the inspection, based on facts and information known to the Department at the time of the inspection. Errors or omissions in the factual basis for any violation may result in a future change in classification as a violation when such information becomes known.

Activity Number: **SUB 070002** Inspection Type: **SR-Biennial Report for CEA, DER, I&E Controls** Program Interest ID: **G000001416**

Inspection Start Date: **04/24/07** End Date: **05/04/07** Lead Investigator: **Walters, Mark**

Program Interest Name: **MCKESSON ENVIRO SYSTEMS COMPANY**

Address: **600 DOREMUS AVE** **Newark** **NJ** **07114** County: **Essex - Newark City**

Block: **5070** Lot: **25**

Comments:

Subject Item: **20AC 0 - ADMINISTRATIVE CONSENT ORDER**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ADMINISTRATIVE CONSENT ORDER	Heading				Rules
36	Did the reponsible person comply with the ACO?. [N.J.A.C. 7:26C-Appendix A.XIII(56)]	In Compliance				Rules

Subject Item: **20AC 0 - ADMINISTRATIVE CONSENT ORDER**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ADMINISTRATIVE CONSENT ORDER	Heading				Rules

36	Did the reponsible person comply with the ACO?. [N.J.A.C. 7:26C-Appendix A.XIII(56)]	In Compliance				Rules

Subject Item: 20AC 0 - **ADMINISTRATIVE CONSENT ORDER**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ADMINISTRATIVE CONSENT ORDER	Heading				Rules
36	Did the reponsible person comply with the ACO?. [N.J.A.C. 7:26C-Appendix A.XIII(56)]	In Compliance				Rules

Subject Item: 20AC 0 - **ADMINISTRATIVE CONSENT ORDER**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ADMINISTRATIVE CONSENT ORDER	Heading				Rules
36	Did the reponsible person comply with the ACO?. [N.J.A.C. 7:26C-Appendix A.XIII(56)]	In Compliance				Rules

Subject Item: 20AC 0 - **ADMINISTRATIVE CONSENT ORDER**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ADMINISTRATIVE CONSENT ORDER	Heading				Rules
36	Did the reponsible person comply with the ACO?. [N.J.A.C. 7:26C-Appendix A.XIII(56)]	In Compliance				Rules

Subject Item: 85EI 0 - **ENGINEERING & INSTITUTIONAL CONTROLS MONITORING REPORT**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ENGINEERING AND INSTITUTIONAL CONTROLS MONITORING REPORT	Heading				Rules

Subject Item: 85EI 0 - **ENGINEERING & INSTITUTIONAL CONTROLS MONITORING REPORT**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ENGINEERING AND INSTITUTIONAL CONTROLS MONITORING REPORT	Heading				Rules

Subject Item: 85EI 0 - **ENGINEERING & INSTITUTIONAL CONTROLS MONITORING REPORT**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ENGINEERING AND INSTITUTIONAL CONTROLS MONITORING REPORT	Heading				Rules

Subject Item: 85EI 0 - **ENGINEERING & INSTITUTIONAL CONTROLS MONITORING REPORT**

Seq.	Requirement Description	Compliance	Compliance Comments	Grace	Non Minor	Requirement

#		Status		Days	Reason	Source
1	ENGINEERING AND INSTITUTIONAL CONTROLS MONITORING REPORT	Heading				Rules

Subject Item: **85EI** **0 - ENGINEERING & INSTITUTIONAL CONTROLS MONITORING REPORT**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ENGINEERING AND INSTITUTIONAL CONTROLS MONITORING REPORT	Heading				Rules

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Inspection Summary Report for MCKESSON ENVIRO SYSTEMS COMPANY - Activity Number SUB 070001

Jan 26, 2009 02:14

NOTE: The information contained in this report will be limited to the date each program began using the Department's integrated database, NJEMS. The programs began using the system for this information as follows: Air - 10/1998; Hazardous Waste - 1/2000; Water - 7/2000; TCPA - 12/2001; Land Use 12/2001; DPCC - 1/2002; Solid Waste - 1/2002; Right To Know - 3/2002 and Pesticides - 4/2002; Site Remediation - 3/2003 and Radiation (limited information) - 7/2006. For complete information prior to these dates, please submit an official OPRA request form to the Department. If printing this report, select landscape orientation. For a list of terms and definitions, click on the following link:http://www.state.nj.us/dep/infoview/enforcement.html

Disclaimer: Only final inspection reports are listed in this report. Inspections for which a report has not been finalized by the Department will not appear in this report. Also, inspections which yield violations but where the inspected entity has not yet been notified of the violation are not listed in this report. For inspections indicating Out of Compliance, this means that violations were observed during the inspection, based on facts and information known to the Department at the time of the inspection. Errors or omissions in the factual basis for any violation may result in a future change in classification as a violation when such information becomes known.

Activity Number: SUB 070001 **Inspection Type:** SR-Remedial Investigation Work Plan **Program Interest ID:** G000001416

Inspection Start Date: 02/01/07 **End Date:** 05/01/07 **Lead Investigator:** Walters, Mark

Program Interest Name: MCKESSON ENVIRO SYSTEMS COMPANY

Address: 600 DOREMUS AVE Newark NJ 07114 **County:** Essex - Newark City

Block: 5070 **Lot:** 25

Comments:

Subject Item: 20AC 0 - ADMINISTRATIVE CONSENT ORDER

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ADMINISTRATIVE CONSENT ORDER	Heading				Rules
2	Was a Remedial Investigation Work Plan, including a baseline ecological evaluation, submitted ? . [N.J.A.C. 7:26C-Appendix A.I (7)]	In Compliance				Rules

Subject Item: 20AC 0 - ADMINISTRATIVE CONSENT ORDER

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ADMINISTRATIVE CONSENT ORDER	Heading				Rules
	Was a Remedial Investigation Work Plan, including a					

2	baseline ecological evaluation, submitted ? . [N.J.A.C. 7:26C-Appendix A.I (7)]	In Compliance				Rules

Subject Item: 20AC 0 - **ADMINISTRATIVE CONSENT ORDER**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ADMINISTRATIVE CONSENT ORDER	Heading				Rules
2	Was a Remedial Investigation Work Plan, including a baseline ecological evaluation, submitted ? . [N.J.A.C. 7:26C-Appendix A.I (7)]	In Compliance				Rules

Subject Item: 20AC 0 - **ADMINISTRATIVE CONSENT ORDER**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ADMINISTRATIVE CONSENT ORDER	Heading				Rules
2	Was a Remedial Investigation Work Plan, including a baseline ecological evaluation, submitted ? . [N.J.A.C. 7:26C-Appendix A.I (7)]	In Compliance				Rules

Subject Item: 20AC 0 - **ADMINISTRATIVE CONSENT ORDER**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	ADMINISTRATIVE CONSENT ORDER	Heading				Rules
2	Was a Remedial Investigation Work Plan, including a baseline ecological evaluation, submitted ? . [N.J.A.C. 7:26C-Appendix A.I (7)]	In Compliance				Rules

Subject Item: 45RI 0 - **REMEDIAL INVESTIGATION WORK PLAN & QAPP**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	REMEDIAL INVESTIGATION WORKPLAN & QAPP	Heading				Rules

Subject Item: 45RI 0 - **REMEDIAL INVESTIGATION WORK PLAN & QAPP**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	REMEDIAL INVESTIGATION WORKPLAN & QAPP	Heading				Rules

Subject Item: 45RI 0 - **REMEDIAL INVESTIGATION WORK PLAN & QAPP**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	REMEDIAL INVESTIGATION WORKPLAN & QAPP	Heading				Rules

Subject Item: 45RI 0 - **REMEDIAL INVESTIGATION WORK PLAN & QAPP**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source

1	REMEDIAL INVESTIGATION WORKPLAN & QAPP	Heading				Rules

Subject Item: **45RI** **0 - REMEDIAL INVESTIGATION WORK PLAN & QAPP**

Seq. #	Requirement Description	Compliance Status	Compliance Comments	Grace Days	Non Minor Reason	Requirement Source
1	REMEDIAL INVESTIGATION WORKPLAN & QAPP	Heading				Rules

http://oaspub.epa.gov/enviro/fii_query_dtl.disp_program_facility?pgm_sys_id_in=NJD002153922&pgm_sys_acrnm_in=RCRAINFO

Last updated on Thursday, January 29th, 2009.

Facility Registry System (FRS)

You are here: EPA Home Envirofacts FRS Report

Facility Detail Report

Report an Error

FRS

Facility Name:	MCKESSON ENVIROSYSTEMS CO
Location Address:	600 DOREMUS ST
Supplemental Address:	
City Name:	NEWARK
State	NJ
County Name:	ESSEX
ZIP/Postal Code:	07105
EPA Region:	02
Congressional District Number:	13
Legislative District Number:	-
HUC Code:	02030104
Federal Facility:	NO
US Mexico Border Indicator:	NO
Tribal Land :	NO
Latitude:	40.713232
Longitude:	-74.130083
Method:	GPS CODE (PSEUDO RANGE) DIFFERENTIAL
Reference Point Description:	PLANT ENTRANCE (GENERAL)
Duns Number:	
Registry ID:	110000615656

Map this facility

Environmental Interests

Information System	Information System ID	Environmental Interest Type	Data Source	Last Updated Date	Supplemental Environmental Interests:
					NJEMS-0714-03-0008.1 LAND USE - COASTAL AND LAND USE

NJ-NJEMS	33921	STATE MASTER	NJEMS		**NJEMS**-88186700000 EPCRA **NJEMS**-G000001416 STATE CLEANUP SITE **NJEMS**-NJD002153922 TSD
RCRAINFO	NJD002153922	CORRECTIVE ACTION (ACTIVE)	RCRAINFO	01/01/2007	
RCRAINFO	NJD002153922	TSD (ACTIVE)	EPA INSPECTION	01/01/2007	
RCRAINFO	NJD002153922	HAZARDOUS WASTE BIENNIAL REPORTER (ACTIVE)	RCRAINFO	12/31/2003	
RCRAINFO	NJD002153922	SQG (ACTIVE)	RCRAINFO	01/01/2007	

Facility Mailing Addresses

Affiliation Type	Delivery Point	City Name	State	Postal Code	Information System
REGULATORY CONTACT	1 POST ST	SAN FRANCISCO	CA	94104	RCRAINFO
FACILITY MAILING ADDRESS	1 POST ST	SAN FRANCISCO	CA	94104	RCRAINFO
OPERATOR	SUITE 200 127 W BERRY STREET	OPERCITY	IN	99999	RCRAINFO
RESPONSIBLE ENTITY	1 POST ST - 32ND FLR	SAN FRANCISCO	CA	94104	NJ-NJEMS
OWNER	127 W BERRY ST SUITE 200	FORT WAYNE	IN	46802	RCRAINFO

NAICS Codes

No NAICS Codes returned.

SIC Codes

Data Source	SIC Code	Description	Primary
NJ-NJEMS	5122	DRUGS, DRUG PROPRIETARIES, AND DRUGGISTS' SUNDRIES	

Contacts

		Office	Information	Mailing

Affiliation Type	**Full Name**	**Phone**	**System**	**Address**
EMERGENCY RESPONDER	JEAN MESCHER	4159837598	NJ-NJEMS	
REGULATORY CONTACT	JEAN A MESCHER	6088484134	RCRAINFO	View
COGNIZANT OFFICIAL	JEAN A MESCHER	6088484134	NJ-NJEMS	
GENERAL CONTACT	JEAN MESCHER	4159837598	NJ-NJEMS	
PERMITTING CONTACT			RCRAINFO	
FEES/BILLING CONTACT	JEAN MESCHER	6088484134	NJ-NJEMS	

Organizations

Affiliation Type	**Name**	**DUNS Number**	**Information System**	**Mailing Address**
OPERATOR	MCKESSON ENVIROSYSTEMS CO INC		RCRAINFO	View
RESPONSIBLE ENTITY	MCKESSON CORP		NJ-NJEMS	View
OWNER	MCKESSON ENVIROSYSTEMS CO INC		RCRAINFO	View

Alternative Names

No Alternative Names returned.

Query executed on: JAN-29-2009

Property Details

504 DOREMUS AVE NEWARK, NJ 07105

Property Last Updated:	11/6/2008 6:14:30 PM
County Last Updated:	11/21/2008 9:00:05 PM

Ownership Information

Parcel No:	**14-05070-0000-00025**
Owner(s):	**MCKESSON CORP**
Phone:	**(415) 983 - 8300**
Site Address:	**504 DOREMUS AVE NEWARK, NJ 07105**
Mail Address:	**1 POST ST 34TH SAN FRANCISCO, CA 94104-5203**

Sales and Loan Information

Recording Date:	**N/A**	Lender Name:	**N/A**
Sale Price:	**N/A**	Title Company:	**N/A**
Sale Code:	**UNKNOWN**	Loan Amt Other:	**N/A**
Document #:	**N/A**	Seller:	**N/A**
Document Type:	**GRANT DEED**	Prior Sales Price:	**$75,000.00**
Deed Type:	**UNKNOWN**	Prior Sales Date:	**N/A**
Loan Amt 1 St:	**N/A**	Prior Doc #:	**N/A**
Loan type:	**UNKNOWN**	Prior Doc Type:	**GRANT DEED**
Book and Page Number:	**N/A**	Prior Book and Page Number:	**004869000632**

Assessment and Tax Information

Assessed Value:	**$436,800.00**	Assessed Improved Value:	**$228,000.00**
Assessed Land Value:	**$208,800.00**	Assessed Improved %:	**52.20%**
Market Value:	**$436,800.00**	Market Improved Value:	**$228,000.00**
Market Land Value:	**$208,800.00**	Market Improved %:	**52.20%**
Tax Area:	**N/A**	Tax Year:	**2007**
Owner Exempt:	**N/A**	Tax Amount:	**$10,876.32**

Property Description

Use Code:	**INDUSTRIAL (NEC)**		
Legal:	**INCL BLK 5070 LOTS 25 & 25-A**		
Map Grid:	**PAGE-GRID: N/A**		
County:	**ESSEX**	Municipality:	**NEWARK CITY**
Tract:	**N/A**	Subdivision Name:	**N/A**
Block:	**5070**	Room Count:	**N/A**
Lot:	**25**	Bathrooms:	**N/A**
Lot Size:	**363,726**	House Style:	**UNKNOWN**
Acreage:	**8.35**	Yr Built / Effective Yr Built:	**N/A/N/A**
No Of Units:	**N/A**	No Of Stories:	**UNKNOWN**
Roof Shape:	**UNKNOWN**	Exterior:	**BRICK**
Garage:	**UNKNOWN**	Pool:	**NO**
Fireplaces:	**YES**	Flood Zone ID:	**3401890008B**
Census Tract:	**007400**	Census Block:	**1**

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MERGENT

Saturday, January 24, 2009 2:57:47 PM

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Company Analysis List (0) (expand)

Vulcan Materials Co (Holding Company) (NYS: VMC)

to Company Analysis List

Company Details Company Financials Create Reports EDGAR News

Synopsis • Highlights • History • Joint Ventures • Business • Property • Subsidiaries • Long Term Debt • Executives • Capital Stock

Custom Report List

to Custom Reporting List

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Vulcan Materials Co (Holding Company)
1200 Urban Center Drive
Birmingham, AL 35242-2545 United States
Phone: 205 298-3000
Fax: 205 298-2963

Incorporated: September 1956, NJ, United States

Number of Employees: 8,245 (Average Staff as of 12/31/2007)

Country: United States

Ticker: VMC

CIK: 0001396009

Cusip: 92916010

IRS Number: 630366371

Mergent Industry Code: 14.5 - Earth & Rock Mining

Primary SIC: 1422 - Crushed and broken limestone

Primary NAICS: 212312 - Crushed and Broken Limestone Mining and Quarrying

Number of Shareholders: 3,255 (record) (as of 02/16/2007)

Closing Stock Price: As of 1/23/2009 53.18

Market Cap 5,858 M

PE Ratio 19.27

Company Website: www.vulcanmaterials.com

Mergent Dividend Achiever: Yes
# of Years: 15

Annual Meeting: In May

Other Search Tools
EDGAR

Business Summary

Vulcan Materials produces construction aggregates as well as asphalt mix and concrete. Co. is engaged in the production, distribution and sale of construction aggregates and other construction materials and related services. Construction aggregates include crushed stone, sand and gravel, rock asphalt and recrushed asphalt and concrete. Aggregates are widely used as railroad track ballast and are employed in virtually all types of construction, such as highway construction and maintenance, and in the production of asphaltic and portland cement concrete mixes. As of Dec 31 2007, Co. operated 183 crushed stone plants, 51 sand and gravel plants and 16 plants producing other aggregates.

Financial Highlights (In USD as of 12/31/2007)

Total Revenue	3,327,787,000
EBITDA	968,477,000
Operating Income	714,417,000
Net Income	450,910,000
Total Assets	8,936,370,000
Current Assets	1,157,229,000
Total Liabilities	5,176,770,000
Current Liabilities	2,528,187,000
Long Term Debt	1,529,828,000
Stockholders' Equity	3,759,600,000

Key Executives

Donald M. James - Chief Executive Officer
Daniel F. Sansone - Chief Financial Officer

Principal Offices

1200 Urban Center Drive
Birmingham, AL 35242-2545
United States
Phone: 205 298-3000
Fax: 205 298-2963

Auditor

Deloitte & Touche LLP

Legal Counsel

Bradley Arant Rose & White LLP

Pricing Information

Ticker: VMC Exchange: NYS

Closing Price As of 1/23/2009 53.18

	Weeks Ending 01/16/2009	01/09/2009	01/02/2009	12/31/2008
Open Price	57.17	69.95	69.74	67.33
High Price	58.67	69.95	69.74	69.58
Low Price	55.80	61.19	69.74	67.33
Last Price	58.67	61.19	69.74	69.58
Total Volume	9,133,479	9,037,941	1,375,691	2,972,248
30 day volume average	1,533,104.05	1,451,328.71	1,630,498.14	1,642,827.59
52-Week Range	40.56 - 83.00			

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As filed with the Securities and Exchange Commission on May 1, 2008

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Safety-Kleen HoldCo., Inc.

(Exact name of registrant as specified in its charter)

Delaware	**4955**	**90-0127028**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

5360 Legacy Drive
Plano, Texas 75024
(972) 265-2000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

T.R. Tunnell
Executive Vice President, Corporate Secretary and General Counsel
Safety-Kleen HoldCo., Inc.
5360 Legacy Drive
Plano, Texas 75024
(972) 265-2000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

William R. Kunkel
Skadden, Arps, Slate, Meagher & Flom LLP
333 West Wacker Drive
Chicago, Illinois 60606
(312) 407-0700

Rohan S. Weerasinghe
John P. Berkery
Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022
(212) 848-4000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common Stock, par value $0.01 per share	$300,000,000	$11,790.00

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act.

(2) Includes shares that may be sold, if any, pursuant to the underwriters' over-allotment option.

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

The information contained in this prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we and the selling stockholders are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated May 1, 2008

PROSPECTUS

Shares

safety-kleen®

Safety-Kleen HoldCo., Inc.

Common Stock

This is Safety-Kleen HoldCo., Inc.'s initial public offering. We are offering shares of our common stock and the selling stockholders are offering shares of our common stock. One of the selling stockholders is an affiliate of J.P. Morgan Securities Inc., an underwriter participating in this offering. We will not receive any proceeds from the sale of shares of common stock by the selling stockholders.

We expect the public offering price to be between $ and $ per share. Currently, no public market exists for our shares of common stock. We intend to apply to have our shares of common stock listed on the New York Stock Exchange under the symbol "SK."

Investing in our common stock involves risks. See "Risk Factors" beginning on page 11.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Safety-Kleen HoldCo., Inc.	$	$
Proceeds, before expenses, to the selling stockholders	$	$

The underwriters may also purchase up to an additional shares of common stock from us at the public offering price, less the underwriting discount and commissions, within 30 days from the date of this prospectus to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2008.

Merrill Lynch & Co. **JPMorgan**

The date of this prospectus is , 2008

TABLE OF CONTENTS

You should rely only on the information contained in this prospectus. Neither we, the selling stockholders nor the underwriters have authorized anyone to provide you with information different from or in addition to that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We, the selling stockholders and the underwriters are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is current only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Industry and market data used throughout this prospectus were obtained through company research, surveys and studies conducted by third party or general industry publications, including the Farkas Berkowitz & Company, 2004-2005 Hazardous Waste Report, the 2005 Kline Research Study, the July 2006 U.S. Department of Energy Used Oil Re-refinery Study to Address Energy Policy Act of 2005 Section 1838, as well as other publicly available information. Industry publications generally state that the information that they provide has been obtained from other sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. We have not independently verified any of the data from third party sources nor have we ascertained any underlying economic assumptions relied upon therein. While we are not aware of any misstatements regarding the industry data presented herein, estimates and forecasts involve risks and uncertainties, are subject to change and actual results could be different from such predictions, perhaps significantly.

In this prospectus, unless indicated otherwise, references to:

- the terms "the Company," "Safety-Kleen," "we," "us" and "our" refer to Safety-Kleen HoldCo., Inc. and its direct and indirect subsidiaries, collectively; and
- the term "fiscal" year refers to:
  (a) for fiscal years 2005, 2006 and 2007, the thirteen 4-week periods ending on the last Saturday of December of such year;

  (b) for fiscal year 2004, the twelve-month period ended December 31, 2004; and

  (c) for fiscal year 2003, the twelve-month period ended August 31, 2003.

For the definition of "Adjusted EBITDA," a reconciliation of Adjusted EBITDA to net income, and information about the limitations on the use of this financial measure, see Footnote 2 to "Summary—Summary Historical Financial Data."

SUMMARY

The following summary highlights information contained elsewhere in this prospectus. This summary is not complete and may not contain all of the information that may be important to you. You should read the entire prospectus, including the "Risk Factors" section and our consolidated financial statements and notes to those statements, before making an investment decision.

Our Company

Safety-Kleen is the leading provider of used oil collection, re-refining and recycling, and parts cleaning services in North America, and is also a market leader in providing a comprehensive set of other environmental solutions, such as containerized waste services, vacuum services and total project management services. Our broad set of environmentally-responsible products and services ensures the responsible collection, processing, re-refining, recycling and third-party disposal of hazardous and non-hazardous materials. Our North American network (including branches, recycling centers, distribution centers, oil terminals, accumulation centers and re-refineries) is the largest in the industry, consisting of over 200 facilities in the United States, Canada and Mexico and logistics capabilities supported by a fleet of trucks, rail cars and barges.

Safety-Kleen has provided cleaning and environmental solutions to a wide array of customers in the commercial, industrial and automotive end markets for more than 40 years. We are recognized as a trusted provider of environmental solutions delivering responsible closed-loop systems for managing many of our customers' waste streams. These systems recycle, reclaim and reuse both used oil and spent cleaning solvent, which conserves natural resources while reducing our customers' environmental liability, and provides us with economic advantages through the reduction of costs and the sale of recovered products. Our services and products fall into three principal categories:

Oil Services and Products. We are North America's largest collector, recycler and re-refiner of used oil. We own and operate the two largest oil re-refineries in North America, representing over 75% of North American re-refining capacity. In fiscal year 2007, we collected over 200 million gallons of used oil from automobile and truck dealers, automotive garages, oil change outlets, fleet service locations and industrial plants. We re-refined and recycled approximately 140 million gallons of the used oil we collected in fiscal year 2007 to produce high quality base and blended lubricating oils, which we then sold to third party distributors, retailers, governmental agencies, railroads and industrial customers. During fiscal year 2007, we produced and sold approximately 98 million gallons of high quality base and blended lubricating oils. These lubricating oils are the same quality as products refined from crude oil and meet the performance standards set by the American Petroleum Institute. Our collection network has the ability to supply all of our re-refining requirements, providing us with a reliable source of used oil to allow us to optimize the efficiency of our re-refining operations. In addition, in fiscal year 2007, we reprocessed over 42 million gallons of our collected volume of used oil into reprocessed fuel oil, or RFO, which we sold to industrial plants, asphalt plants, cement kilns and pulp and paper companies, making us one of the largest suppliers of RFO in North America. Based upon various studies, we believe re-refining used oil results in significant reductions in greenhouse gas emissions compared to the generation of virgin base oil.

Industrial Cleaning. We are North America's largest provider of parts cleaning services, which consist of the placement, maintenance and servicing of parts washers and the associated cleaning fluids at a wide range of automotive, industrial and commercial customer locations. In fiscal year 2007, we performed over one million parts cleaning services to an installed base of approximately 251,000 parts washers, including approximately 164,000 that we owned and placed at customer locations and approximately 87,000 that were owned by our customers. We are North America's largest collector of spent cleaning solvent, which is collected from servicing parts washers and then recycled at our network of recycling centers. We recycled approximately 14 million gallons of used solvent during fiscal year

2007. Based upon a third-party study, we believe recycling used solvent results in significant reductions in greenhouse gas emissions compared to the generation of virgin solvents. We leverage our brand and leading market position in parts cleaning services to offer a complementary line of Safety-Kleen® branded products, including degreasers, glass cleaners, thinners, hand cleansers, floor cleaners, absorbents, antifreeze, windshield washer fluid, mats and spill kits.

Environmental Services. We are also a leading provider of containerized waste services, vacuum services, total project management and other environmental services. We utilize our collection network to provide containerized waste services, which include the characterization, collection, transportation and recycling or third-party disposal of a wide variety of hazardous and non-hazardous wastes. We believe we manage the largest volume of waste manifests in the United States. Our vacuum services offering is supported by a fleet of approximately 240 vacuum trucks, which are specially designed to remove solids, residual oily water and sludge and other fluids from our customers' oil/water separators, sumps and collection tanks. We also leverage our existing customer relationships to provide total project management services, in which we select and manage pre-qualified third-party service providers for our customers in such areas as chemical packing, on-site waste management, remediation, compliance training and emergency spill response. We do not own any waste disposal facilities, but contract with pre-approved third-party providers for these disposal services.

During fiscal year 2007, we serviced approximately 330,000 customer locations across a wide variety of industries, including the manufacturing, automotive and governmental sectors. Our customers in fiscal year 2007 included approximately 420 of the Fortune 500, as well as over 300,000 small- to medium-sized businesses, most of which we believe require two or more of the services we offer. Due to the recurring requirements of our customers, we averaged approximately 64,000 service calls per week in fiscal year 2007. As a result of these regular service and maintenance contacts, we are well-positioned to cross-sell new and existing services and related products and to become the complete solutions provider for our customers' industrial cleaning and environmental service needs.

In fiscal year 2007, we generated revenue of $1,073.0 million, net income of $4.5 million and Adjusted EBITDA, a financial measure not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP, and which is defined elsewhere in this prospectus, of $116.6 million.

Our Strengths

North America's Market Leader. We are a market leader in three of our largest service offerings in North America—used oil collection, re-refining and recycling, parts cleaning services and vacuum services—which together accounted for approximately 70% of our revenues in fiscal year 2007. The breadth and credibility of our service offerings, together with our market presence, resonates with customers seeking environmental service providers with an established reputation for reliable and high-quality services.

Premier Brand Name. With over 40 years of operating history, we believe Safety-Kleen is the most recognized brand in the industry and is associated with quality, reliability and environmental stewardship. The on-site presence of our highly recognizable branded equipment and products, along with the recurring visits of our sales and service representatives, continues to reinforce the Safety-Kleen brand name. Through our targeted marketing initiatives, we enhance our brand recognition to many of our customers. For example, we are an Official Supplier of NASCAR and our parts washers are an exclusive licensed NASCAR performance product.

Trusted Environmental Solutions Provider. We have a proven track record of providing responsible environmental solutions that meet the needs of our customers and the communities we serve. With our proven expertise and environmentally-responsible protocols, we are able to reduce customer liability and assure regulatory compliance when providing environmental services to our customers. As environmental awareness increases, we believe customers will look to providers like us with a demonstrated track record of providing responsible environmental solutions.

Scalable, Integrated Network Allows for Significant Operating Leverage. Our extensive network provides a solid platform from which our service revenues can be increased with minimal additional costs. This scalable platform and the breadth of our service offerings positions us to grow organically by cross-selling our products and services and serving as a complete solutions provider for our customers' environmental needs. We believe that cross-selling to our customers that require two or more of our service offerings and increasing the number of customers in our primary geographic service areas will drive strong incremental margin growth.

Recurring Revenue Stream from Large, Diverse Customer Base. Our customers require regular service calls for collection, replenishment, maintenance and technical assistance. As a result, we performed approximately 64,000 customer service calls per week in fiscal year 2007. This recurring service demand generates a stable source of revenue and provides us the opportunity to build lasting relationships and cross-sell our products and service offerings. In fiscal year 2007, our top 10 customers accounted for less than 19% of our total revenue, with no customer accounting for more than 4.4% of our revenue.

Substantial Barriers to Entry. Our North American network of complementary assets is difficult, expensive and time consuming to replicate. Our network includes over 200 facilities and is supported by logistics capabilities to optimally manage these assets, including over 1,000 rail cars, more than 2,500 vehicles and seven 400,000 gallon barges. With this presence, we are able to provide services and products in every key market throughout the United States and Canada. These facilities and assets, along with the lengthy governmental permitting processes required to operate treatment, transfer and storage facilities across the United States and Canada, create significant barriers to entry for competitors in a number of our service offerings.

Strong Environmental, Health and Safety Performance in Highly Regulated Industries. Our commitment to environmental stewardship is evidenced by (i) our Environmental Management System, which is compliant with ISO 14001 standards, (ii) our oil re-refineries, which are compliant with ISO 9001 standards and (iii) our experienced team of approximately 60 environmental, health and safety and regulatory compliance professionals. Our commitment to environmental stewardship also has been evidenced by awards from both the U.S. Environmental Protection Agency, or EPA, and industry associations.

Proven, Experienced Management Team. We are led by our CEO and President, Frederick J. Florjancic, Jr., who joined us in 2004. Since his arrival, Mr. Florjancic has assembled a senior management team comprised of individuals who average over 25 years of experience and possess strong records of operating performance in a diverse range of industries. Under the leadership of our management team, we have grown our revenue from $867.3 million in fiscal year 2004 to $1,073.0 million in fiscal year 2007, reflecting a compound annual growth rate of 7.4%. We also restored the Company to profitability, generating net income of $4.5 million in fiscal year 2007, as compared to net losses in fiscal years 2004, 2005 and 2006 of $100.4 million, $123.9 million and $73.4 million, respectively. In addition, our Adjusted EBITDA, a non-GAAP financial measure, has grown from $28.3 million in fiscal year 2004 to $116.6 million in fiscal year 2007.

Our Business Strategy

Our mission is to be the market leader in providing environmental solutions that meet the needs of our customers and the communities we serve. We have developed a multi-year strategic plan to grow and improve our business, which includes the following strategies:

Grow our oil business. We intend to expand our oil business by increasing used oil collections, used oil re-refining capacity and RFO sales. We have benefited from strong pricing trends and are operating our re-refining facilities at essentially full capacity. We have begun an expansion project at our re-refineries to increase our used oil re-refining capacity by approximately 24 million gallons, or 17%, and increase the nominal tank storage capacity at our re-refineries by 12 million gallons, by the end of fiscal year 2009. In order to increase our used oil collection capabilities, we are currently adding to our fleet of oil collection vehicles and are evaluating plans to build or acquire additional oil terminals in strategically located regions.

Expand our industrial cleaning business. We believe that there is a significant opportunity to grow our parts cleaning market share, as well as to expand our product and service offerings in the manufacturing, automotive and governmental sectors. Our new research and development center, coupled with our new supply relationships, has allowed us to introduce advanced machine models with improved technology, additional features and enhanced cleaning efficacy at the same cost as our current product offerings. In addition, we are leveraging our brand identity and distribution network to expand the customer base for our industrial cleaning service offerings and have developed a line of Safety-Kleen branded professional cleaning products, some of which are sold through retail outlets.

Increase customer penetration. We intend to increase customer penetration by cross-selling existing products and services to our customers. Currently, less than 26% of our customers use multiple Safety-Kleen core product and service offerings, such as oil services and products, parts cleaning services, containerized waste services and vacuum services. However, we believe that the vast majority of our customers have additional needs for environmental services, oil services and products and industrial cleaning solutions for which we are not yet the provider. We are supporting our effort to be the complete solutions provider for all of our customers' industrial cleaning and environmental service needs by aligning our sales force by specific target customer types such as automotive repair shops and commercial and industrial accounts.

Pursue "tuck-in" and regional acquisitions. We compete in highly fragmented markets that offer various consolidation opportunities. We plan to selectively pursue acquisitions to accelerate our growth, realize operating synergies and enhance our market position. We target "tuck-in" acquisitions that offer access to new customers which can be serviced through our existing network without substantial additional capital investment. We also plan to pursue regional acquisitions, such as the recent acquisition in December 2007 of certain oil collection and environmental services assets of Advanced Liquid Recycling, or Advanced, and United Oil Recovery, Inc., or United, which provided additional logistics assets and the capability to collect increased volumes of used oil in the Northeastern region of the United States. We believe this strategy will allow us to increase asset utilization and profitability.

Improve asset utilization. We intend to improve our asset utilization by disposing of non-core and under-performing assets. To accomplish this objective, we intend to begin exiting certain lines of business such as dry cleaning, tolling and imaging. In addition, we intend to consolidate or close a number of under-performing branches in 2008 and service our customers more efficiently from other branches in the surrounding area.

Our History

The original Safety-Kleen began in 1963 by offering a small circulating parts washer that was used by automobile repair shops to clean mechanical parts. The original Safety-Kleen achieved annual revenues of $85.2 million in fiscal year 1979 and $1,007.9 million in fiscal year 1997. Laidlaw Environmental Services, Inc., or Laidlaw, acquired the original Safety-Kleen in May 1998, combining the collection and processing infrastructure of the original Safety-Kleen with Laidlaw's waste disposal assets (landfills, incinerators, etc.). The proposed financial and operational benefits of the merger were never realized. We refer to the combination of Laidlaw and the original Safety-Kleen as the predecessor company. In March 2000, after almost two years under the new Laidlaw management team, the U.S. Securities and Exchange Commission, or SEC, initiated a formal investigation into accounting irregularities in the predecessor company's financial statements prepared by Laidlaw-appointed management. The performance of the predecessor company suffered as a result of the failed integration and the accounting irregularities. As a result, in June 2000, the predecessor company filed for Chapter 11 bankruptcy protection. In fiscal year 2002, the predecessor company initiated a major restructuring and reorganization, divesting the waste disposal assets and related environmental liabilities obtained from the failed Laidlaw acquisition and effectively returning to the business model that was in place prior to the Laidlaw acquisition, except for the predecessor company's European operations, which were divested in 1999. As part of the bankruptcy, the predecessor company's outstanding stock was cancelled and the predecessor company was dissolved.

Safety-Kleen emerged from bankruptcy in December 2003 with Safety-Kleen HoldCo., Inc., a newly-formed Delaware corporation, as the ultimate parent. In June 2004, Frederick J. Florjancic, Jr. was named as CEO and President and Ronald W. Haddock was named as non-executive Chairman of the Board. We now have a new management team and a nine member board of directors consisting of eight independent directors and the CEO. The new management team successfully executed a financial recapitalization of the Company in August 2006. The recapitalization included the prepayment of all of our outstanding subordinated debt and the redemption of all of our outstanding shares of preferred stock using the proceeds from a rights offering and borrowings under our credit facility.

Our Corporate Information

We are a holding company and conduct our operations through our subsidiaries. We were incorporated in December 2003. Our principal executive offices are located at 5360 Legacy Drive, Plano, Texas 75024. Our telephone number is (972) 265-2000. Our website is located at *www.safety-kleen.com*. The information appearing on our website is not part of, and is not incorporated into, this prospectus.

The Offering

Shares of common stock offered by Safety-Kleen HoldCo., Inc.	shares
Shares of common stock offered by the selling stockholders	shares (or shares if the underwriters exercise their over-allotment option in full)
Shares of common stock to be outstanding after this offering	shares (or shares if the underwriters exercise their over-allotment option in full)
Over-allotment option	shares
Use of proceeds	We estimate our net proceeds from this offering will be approximately $ million, after deducting underwriting discounts and commissions and offering expenses payable by us. We intend to use these proceeds for general corporate purposes, including to fund working capital and capital expenditures and possibly to make acquisitions. See "Use of Proceeds." We will not receive any of the proceeds from the sale of shares by the selling stockholders.
Proposed New York Stock Exchange symbol	"SK"
Dividend Policy	We currently intend to retain all of our earnings to fund our working capital needs and growth opportunities. Our credit facility generally prohibits us from paying dividends on our common stock.

The number of shares outstanding after the offering is based on shares outstanding as of December 29, 2007 and:

- assumes the underwriters do not exercise their over-allotment option;
- excludes 4,814,145 shares reserved and available for future grant or issuance under the Safety-Kleen 2004 Equity Plan, or the Safety-Kleen Equity Plan, or the Plan, of which options to purchase 3,173,400 shares at a weighted average exercise price of $5.54 per share and 466,250 restricted stock units had been granted and were outstanding; and
- assumes a for stock split of our common stock to be effected prior to the completion of this offering.

Summary Historical Financial Data

The following table sets forth our summary consolidated financial information derived from our audited consolidated financial statements as of and for each of the fiscal years ended December 31, 2005, December 30, 2006 and December 29, 2007 included elsewhere in this prospectus. We maintain a fiscal year based on a 13-period accounting year (each period consisting of four weeks) that ends on the last Saturday in December of each year. Our fiscal first quarter contains four 4-week periods and the following three fiscal quarters each contain three 4-week periods.

The information in the table below is only a summary and should be read together with our audited and consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere in this prospectus.

	Fiscal Years Ended		
	December 31, 2005	December 30, 2006	December 29, 2007
		(in thousands, except per share data)	
Statement of Operations Data			
Revenues	$ 925,111	$ 1,002,243	$ 1,072,967
Operating expense	773,037	828,461	891,768
General and administrative expense	95,644	87,392	75,649
Depreciation and amortization	77,543	77,943	68,637
Impairment of long-lived assets	26,176	1,573	—
Interest expense	59,226	41,260	24,683
Extinguishment of debt	16,548	33,107	—
Other expense (income)—net	(1,840)	2,146	5,140
Total expenses	1,046,334	1,071,882	1,065,877
Income (loss) before income taxes	(121,223)	(69,639)	7,090
Income tax expense	(2,643)	(3,728)	(2,598)
Net income (loss)	$ (123,866)	$ (73,367)	$ 4,492
Per Share Data			
Income (loss) per common share			
Basic	$ (4.96)	$ (2.49)	$ 0.13
Diluted	$ (4.96)	$ (2.49)	$ 0.12
Weighted average shares outstanding			
Basic	25,154	29,747	34,627
Diluted	25,154	29,747	36,999

	As of and for the Fiscal Years Ended		
	December 31, 2005	December 30, 2006	December 29, 2007
	(in thousands)		
Balance Sheet Data			
Assets			
Cash and cash equivalents	$ 2,033	$ 2,669	$ 2,748
Total current assets	246,613	232,499	244,116
Total assets	726,859	672,273	704,875
Liabilities and stockholders' equity			
Total current liabilities	209,200	192,906	199,251
Long-term debt—including current portion	336,615	255,140	278,252
Minority interest	10,000	—	—
Stockholders' equity	120,903	146,189	159,415
Other Data			
Capital expenditures(1)	$ 35,482	$ 25,570	$ 39,419
Acquisitions	—	20,182	40,078
Adjusted EBITDA(2)	53,636	94,807	116,594

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(1) Excludes capital expenditures acquired through capital lease obligations or included in accounts payable of $7.1 million, $13.7 million and $12.8 million for fiscal years 2005, 2006 and 2007, respectively.

(2) Adjusted EBITDA is a financial measure that is not calculated or presented in accordance with GAAP, or "a non-GAAP financial measure." We are required by our credit facility to calculate Adjusted EBITDA (referred to as "Consolidated EBITDA" in our credit facility) in accordance with the definition provided for in our credit facility. Based on our results of operations for fiscal years 2005, 2006 and 2007, to calculate Adjusted EBITDA, we start with our net income (loss) for such period, calculated in accordance with GAAP, and add back the following expenses and charges to the extent such items were deducted in calculating net income (loss): interest expense, income tax expense, depreciation and amortization expense, impairment of long-lived assets, loss on extinguishment of debt, stock-based compensation expense, provision (benefit) for vacation expense, provision (benefit) for environmental liabilities, charges related to the termination of a third-party information technology services contract; and we also eliminate the amounts set forth in the "other (income) expense" line item of the income statement in our financial statements. The actual definition of Adjusted EBITDA under our credit facility is more detailed; however, the adjustments to net income (loss) described in the previous sentence were the only adjustments applicable to the calculation of Adjusted EBITDA pursuant to its definition for fiscal years 2005, 2006 and 2007. For the full definition of Adjusted EBITDA, see "Description of Senior Secured Credit Facility."

We and the lenders under our credit facility believe that Adjusted EBITDA is a useful measure, and we believe that it is a useful measure for our investors, because it is an important indicator of our ability to provide cash flows to meet future debt service, capital expenditures and working capital requirements and fund future growth. Additionally, covenants in our credit facility contain ratios based on this measure. If our Adjusted EBITDA were to decline below certain levels, covenants in our credit facility that are based on our Adjusted EBITDA, including our minimum interest coverage ratio and maximum leverage ratio covenants, may be violated and could prevent us from borrowing under the facility and in certain circumstances could cause a default or mandatory prepayment under our credit facility. Under our credit facility, we are required to maintain an interest coverage ratio, which is the ratio of our Adjusted EBITDA to cash interest expense for the four prior fiscal quarters, of at least 2.5 to 1.0, which will increase to 3.0 to 1.0 beginning in fiscal year 2009. For fiscal year 2007, our interest coverage ratio was 5.1 to 1.0. Under our credit facility, we are also required to maintain a leverage ratio that is not more than 4.5 to 1.0. The leverage ratio is the ratio of our Consolidated Indebtedness (as defined in our credit facility) to our Adjusted EBITDA for the four prior fiscal quarters after giving pro forma effect to any acquisitions and dispositions that may have occurred during that period. As of December 29, 2007, we were in compliance with our maximum leverage ratio covenant. Under the credit facility, our leverage ratio is also used to determine the applicable interest rate margin for borrowings under the revolver. For further discussion regarding these ratios, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Outstanding Debt and Existing Financing Arrangements—Certain ratio covenants."

Our management also uses Adjusted EBITDA to facilitate a comparison of our operating performance on a consistent basis from period to period and a comparison of our operating performance against that of other companies. Our management believes that an analysis of our operating performance using GAAP financial measures in conjunction with Adjusted EBITDA provides a more complete understanding of our operating performance and the factors and trends affecting our business than would an analysis using only GAAP financial measures. We believe Adjusted EBITDA assists our board of directors, management and investors in analyzing our operating performance because:

- it excludes items that are generally outside the control of our management team (such as income taxes, provision (benefit) for environmental liabilities, and impairment of long-lived assets);
- it provides for greater comparability of our operating performance on a consistent basis from period to period by excluding the impact of our recapitalization and refinancing during fiscal years 2005 and 2006 (primarily loss on extinguishment of debt) and unusual items that we do not expect to continue at the same level in the future (charges related to the termination of a third-party information technology services contract); and
- it provides for greater comparability of our operating performance against the operating performance of other companies because it excludes items that can differ significantly from company to company depending on long-term strategic decisions regarding a company's capital structure and asset base (primarily interest expense, amortization of debt issuance costs and depreciation and amortization).

The human resources and compensation committee of our board of directors and our senior management also use Adjusted EBITDA as the primary metric to determine bonus compensation levels for senior management and other employees. See "Compensation Discussion and Analysis."

Adjusted EBITDA is not a measure calculated in accordance with GAAP and should not be considered a substitute for, or more meaningful than, net income (loss), operating income (loss), cash flows from operations or any other measure of financial performance or liquidity reported in accordance with GAAP. Because not all companies use identical calculations, the presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

The following table shows the calculation of our Adjusted EBITDA for the periods indicated.

	Fiscal Years Ended		
	December 31, 2005	**December 30, 2006**	**December 29, 2007**
		(in thousands)	
Net income (loss)	$ (123,866)	$ (73,367)	$ 4,492
Adjustments:			
Interest expense	59,226	41,260	24,683
Income tax expense	2,643	3,728	2,598
Depreciation and amortization	77,543	77,943	68,637
Impairment of long-lived assets	26,176	1,573	—
Loss on extinguishment of debt	16,548	33,107	—
Stock-based compensation expense	2,063	4,559	4,110
Provision (benefit) for vacation expense	169	399	(263)
Provision (benefit) for environmental liabilities	(5,026)	3,459	4,686
Charges related to the termination of a third-party IT services contract(a)	—	5,542	2,511
Other expense (income)—net(b)	(1,840)	(3,396)	5,140
Adjusted EBITDA	$ 53,636	$ 94,807	$ 116,594

(a) Charges in fiscal year 2006 primarily represent one-time fees associated with terminating ongoing services provided under a third-party information technology services contract and were included in the "other (income) expense—net" line item in our consolidated statements of operations. Charges in fiscal year 2007 represent duplicative expenses associated with the third-party information technology services contract during our transition to new providers and were recorded as general and administrative expenses in our consolidated statements of operations.

(b) The "other expense (income)—net" line item for fiscal year 2006 in this table does not agree with the "other expense (income)—net" line item of our consolidated statement of operations because it excludes the $5.5 million charge set forth in the "charges related to the termination of a third-party IT services contract" line item above. See footnote (a) above.

In addition, for further information, the following table reconciles our Adjusted EBITDA to net cash flows provided by operating activities for the periods indicated.

	Fiscal Years Ended		
	December 31, 2005	December 30, 2006	December 29, 2007
		(in thousands)	
Net cash provided by operating activities	$ 17,201	$ 92,868	$ 66,269
Adjustments			
Interest expense	59,226	41,260	24,683
Non-cash interest expense	(20,217)	(11,979)	—
Amortization of debt discount and debt issuance costs	(6,962)	(5,558)	(696)
Gain (loss) on derivative instrument	—	1,569	(1,275)
Changes in working capital	16,867	(23,605)	22,367
Provision for uncollectible accounts—net	(1,271)	(3,106)	(5,427)
Income tax expense	2,643	3,728	2,598
Deferred income taxes	(2,958)	(1,735)	(565)
Provision (benefit) for vacation expense	169	399	(263)
Proceeds from legal settlements	(6,117)	(1,750)	—
Gain on legal settlements	5,566	—	—
Other expense (income)—net	(5,485)	(6,285)	1,706
Provision (benefit) for environmental liabilities	(5,026)	3,459	4,686
Charges related to the termination of a third-party IT services contract	—	5,542	2,511
Adjusted EBITDA	$ 53,636	$ 94,807	$ 116,594

RISK FACTORS

An investment in our common stock involves risks. You should carefully consider the risks described below as well as the other information contained in this prospectus before investing in our common stock. If any of the events contemplated by the following risks actually occur, then our business, financial condition or results of operations may be materially adversely affected. As a result of these and other factors, the trading price of our common stock may decline, and you might lose all or part of your investment.

Risks Relating to Our Business

We operate in competitive markets and there can be no certainty that we will maintain our current customers or attract new customers or that our operating margins will not be impacted by competition.

The industries in which we operate are highly competitive. In our parts cleaning services and oil collection business, small competitors with lower overhead and other operating costs can effectively compete with us on a local or regional basis. We compete with numerous local and regional companies of varying sizes and financial resources in all of our environmental services offerings, and we compete with large oil companies in the sale of our re-refined oil products. Competition for environmental and parts cleaning services is based primarily on quality of service, price, efficiency, safety and innovative products. While we believe our size and expertise provides advantages to our customers who use our services, we can lose customers to competitors who compete primarily on price. We believe our smaller customers are more sensitive to price than the other factors on which we compete. If we decide to match our competitors' pricing, there is still no certainty that we will be able to attract and retain customers, and our revenues and operating margins will be adversely impacted. Competitors may reduce their prices to expand sales volume or to win business. When this happens, we may be forced to reduce our prices to attract or retain our customers, resulting in a negative impact to our revenues and operating margins.

Our operations are subject to numerous environmental and other laws and regulations and, to the extent we are found to be in violation of any such laws and regulations, our business could be materially and adversely affected.

Our operations are subject to extensive federal, state, provincial and local laws and regulations relating to the protection of the environment which, among other things:

- regulate the collection, transportation, handling, processing and disposal of the hazardous and non-hazardous wastes that we collect from our customers;
- impose liability on persons involved in generating, handling, processing, transporting or disposing hazardous materials;
- impose joint and several liability for remediation and clean-up of environmental contamination; and
- require financial assurance that funds will be available for the closure and post-closure care of sites where hazardous wastes are stored, processed or disposed.

The breadth and complexity of all of these laws and regulations affecting our business make consistent compliance extremely difficult and often result in increased operating and compliance costs, including by requiring the implementation of new programs to promote compliance. Even with these programs, we and other companies in the industry are routinely faced with legal and administrative proceedings which can result in civil and criminal penalties, interruption of business operations, fines or other sanctions and require expenditures for remedial work at our and third-party facilities. Under current law, we may be held liable for damage caused by conditions that existed before we acquired the assets or operations involved or if we arrange for the transportation, disposal or treatment of hazardous substances that cause environmental contamination. We may also be held liable for the mishandling of waste streams resulting from the misrepresentations by a customer as to the nature of such waste streams. In such proceedings in the past, we have been subject to fines and certain orders requiring us to take environmental remedial action. In the future, we may be subject to monetary fines, civil or criminal penalties, remediation, clean-up or stop orders, injunctions, orders to cease or suspend certain practices or denial of permits we require to operate our facilities. The outcome of any proceeding and associated costs and expenses could have a material adverse impact on our operations and financial condition.

Environmental laws and regulations are subject to change and may become increasingly stringent or relaxed. Interpretation or enforcement of existing laws and regulations, or the adoption of new laws and regulations, may require us to modify or curtail our operations or replace or upgrade our facilities or equipment at substantial costs which we may not be able to pass on to our customers. On the other hand, if new laws and regulations are less stringent, then our customers or competitors may be able to manage waste more effectively without reliance on our service, which could decrease the need for our services and/or increase competition which could adversely affect our revenues and profitability.

We are also required to obtain and maintain permits, licenses and approvals to conduct our operations in compliance with such laws and regulations. If we are unable to maintain our currently held permits, licenses and approvals, we may not be able to continue certain of our operations. If we are unable to obtain any additional permits, licenses and approvals which may be required as we expand our operations, we will not be able to grow our business.

We could be subject to involuntary shutdowns or be required to pay significant monetary damages or remediation costs if we are found to be a responsible party for the improper handling or the release of hazardous substances.

As a company engaged in the sale, handling, transportation, storage, recycling and disposal of materials that are or may be classified as hazardous by federal, state, provincial or other regulatory agencies, we face risks of liability for environmental contamination. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or CERCLA or Superfund, and similar state laws impose strict liability for clean-up costs on current or former owners and operators of facilities that release hazardous substances into the environment, as well as on the businesses that generate those substances or transport them to the facilities. As a potentially responsible party, or PRP, we may be liable under CERCLA for substantial investigation and cleanup costs even if we operate our business properly and comply with applicable federal and state laws and regulations. Liability under CERCLA may be joint and several, which means that if we were found to be a business with responsibility for a particular CERCLA site, we could be required to pay the entire cost of the investigation and cleanup, even though we were not the party responsible for the release of the hazardous substance and even though other companies might also be liable. Even if we were able to identify who the other responsible parties might be, we may not be able to compel them to contribute to the remediation costs, or they might be insolvent or unable to contribute due to lack of financial resources.

Our facilities and the facilities of our customers and third party contractors may have generated, used, handled and/or disposed of hazardous substances and other regulated wastes. Environmental liabilities could exist, including cleanup obligations at these facilities or at off-site locations where materials from our operations were disposed of, which could result in future expenditures that cannot be currently quantified and which could materially reduce our profits. Our pollution liability insurance excludes certain liabilities under CERCLA. Thus, if we were to incur liability under CERCLA that was not covered by our insurance and if we could not identify other parties responsible under the law whom we are able to compel to contribute to the liabilities, the cost to us could be substantial and could impair our profitability, reduce our liquidity and have a material adverse effect on our business. We also offer our customers specific guarantees that we will be responsible for all expenses and liabilities resulting from any spill that occurs while we are transporting, processing or disposing of customers' waste materials. Accordingly, we may be required to indemnify our customers for any liability under CERCLA or other environmental laws and regulations and related costs, which could be material.

Our customer service agreements typically provide that the customer is responsible for ensuring that the waste materials we collect from the customer include only those waste materials that we have agreed to collect and that the customer is required to confirm the waste material matches the waste profile provided by the customer. Nevertheless, we may be exposed to liability if customers provide us with non-conforming waste materials, fail to properly identify the types of waste materials that we collect from them or falsify a waste manifest, and we may not be successful in recovering from those customers any damages we incur as a result of their negligence or unlawful actions. In addition, new services or products offered by us could expose us to further environmental liabilities for which we have no historical experience and cannot estimate our potential exposure to liabilities.

We maintain remediation reserves that may be substantially less than the ultimate cost and expense of corrective action we are required to pay.

Contamination of soil or groundwater has been discovered at some of the facilities we own or use. We also frequently contractually agree to be responsible for environmental spills or other non-compliance relating to the waste streams of our customers that we handle. Remediation or other corrective action for environmental damage we cause or to which we contribute may be required at these sites and adjoining sites where contamination may have spread at substantial cost. For each of these sites, we have developed or are developing remediation cost estimates. These estimates are continuously reviewed and updated, and we maintain reserves in accordance with GAAP for these matters based on such cost estimates. Estimates of our liability for remediation of a particular site and the method and ultimate cost of remediation require a number of assumptions and are inherently difficult to calculate accurately. There can be no assurance that the ultimate cost and expense of remediation or corrective action will not substantially exceed our reserves and have a material adverse impact on our business, operations or financial condition. See Note 2 "Summary of Significant Accounting Policies—Environmental Liabilities" to our audited financial statements included elsewhere in this prospectus.

We have substantial financial assurance requirements, and increases in the costs of obtaining adequate financial assurance could negatively impact our business, financial position or results of operations.

We are required by environmental laws to provide financial assurance that funds will be available when needed for closure and post-closure remediation costs at certain of our treatment and storage facilities, the costs of which could be substantial. Our total estimated closure and post-closure costs requiring financial assurance by regulators as of December 29, 2007 were approximately $51.2 million. We typically have several options to demonstrate satisfactory financial assurance requirements, including letters of credit, surety bonds, trust funds and a financial (net worth) test. The financial assurance instrument is provided for the benefit of the permitting authority and is not available for use at our discretion. The amount of financial assurance required varies by state and is subject to potentially significant increases by regulators. The cost of financial assurance instruments is difficult to predict and depends on many factors, some of which are outside of our control, including the availability of instruments in the marketplace, the amount and form of financial assurance required by a state, our creditworthiness and our operating history. In the event the cost of financial assurance instruments we are required to provide increases, our business, financial condition or results of operations could be materially adversely affected. See Note 13 "Commitments, Contingencies and Legal Proceedings—Contingencies—Financial Assurance" to our audited financial statements and "Business—Insurance and Financial Assurance" included elsewhere in this prospectus.

We are self-insured for certain claims and a significant number of claims could negatively impact our financial position.

We are self-insured for certain general liability (including product liability), workers' compensation, automobile liability and general health insurance claims. For claims that are self-insured, we maintain stop-loss insurance coverage for occurrences above certain amounts. Our self-insurance and other insurance policies do not cover all of our potential losses, costs or liabilities. We could suffer losses for uninsurable or uninsured risks, or in amounts in excess of our existing insurance coverage which would significantly affect our financial performance. For example, our pollution legal liability insurance excludes costs related to fines, penalties or assessments. Our ability to obtain and maintain adequate insurance may be affected by conditions in the insurance market over which we have no control. In the event the ultimate cost for claims exceeds our insurance coverage, our financial condition could be adversely impacted. In addition, our business requires that we maintain various types of insurance. If such insurance is not available or not available on economically acceptable terms, our business would be materially and adversely affected.

We are dependent on third parties for the disposal of our customers' waste streams, the manufacturing of our equipment and the execution of total project management services.

We do not own any waste disposal sites. We also do not manufacture the majority of the equipment, including parts washers, that we provide to our customers. As a result, we are dependent on third parties for the disposal of our customers' waste streams and for manufacturing our equipment that we provide to customers. In addition, we use third-party subcontractors to provide some of our total project management services. We generally do not have any long term contracts with these disposal vendors, subcontractors and suppliers. To date, our disposal vendors, subcontractors and suppliers have met our requirements, but we cannot assure you that they will continue to do so. If for some reason our current disposal vendors, subcontractors and suppliers cannot perform up to our standards, our reputation with our customers could be damaged and we may be required to replace them. Although we believe there are a number of potential replacement disposal vendors, subcontractors and suppliers that could provide such services, we may incur additional costs and delays in identifying and qualifying such replacements. In addition, any mishandling of our customers' waste streams by disposal vendors, subcontractors or suppliers could expose both us and our customers to liability. Any failure by disposal vendors, subcontractors or suppliers to properly collect, transport, handle or dispose of our customers' waste streams could expose us to liability, damage our reputation and generally have a material adverse effect on our business, financial condition or results of operations.

Our high fixed cost structure may result in a greater loss or reduced earnings.

Our North American network, including our facilities, fleet and personnel, subjects us to high fixed costs, which makes our margins and earnings sensitive to changes in revenues. In periods of declining demand, our high fixed cost structure may limit our ability to cut costs, which may put us at a competitive disadvantage to firms with lower cost structures, or may result in reduced operating margins and operating losses.

Worsening economic conditions and trends and downturns in the business cycles of the industries we serve adversely impact our business and operating results.

A significant portion of our customer base is comprised of companies in the automotive (including dealerships and repair and maintenance shops), manufacturing and transportation industries. The overall levels of demand for our parts cleaning and environmental services, as well as the demand for our re-refined oil products, are driven by fluctuations in levels of end-user demand, which depend in large part on general macroeconomic conditions in the U.S., as well as regional economic conditions. For example, many of our principal consumers are themselves heavily dependent on general economic conditions, including the price of fuel and energy, availability of affordable credit and capital, employment levels, interest rates, consumer confidence and housing demand. These cyclical shifts in our customers' businesses may result in fluctuations in demand, volumes, pricing and operating margins for our services and products.

Our parts cleaning business has experienced adverse trends and intense competition which, if continued, could have a material adverse effect on our business, financial condition and results of operations.

The solvent parts cleaning business in North America has experienced adverse economic trends for a number of years. These trends include: regulatory pressures for waste minimization; improved production quality in the automotive industry; increased utilization of replacement or throw-away parts; continued consolidation in automotive aftermarket services; and plant closures and off-shoring of industrial operations. In addition, we believe that, in the past, we lost market share in the parts cleaning business due to the relative ease of entry into this market by small, local competitors who do not operate permitted facilities, and increased competition from regional competitors. Our parts cleaning business represented approximately 25% of our revenue for fiscal year 2007, and a reduction in demand for parts cleaning services or a loss of market share by us could have a material adverse effect on our business, financial condition or results of operations.

Our operating margins and profitability may be negatively impacted by changes in fuel and energy costs.

We operate a large fleet of trucks to service our customers at their sites and collect used oil. As a result, increases in oil, natural gas and diesel prices have a significant impact on our operating expenses. In addition, because solvent is a product of crude oil, increases in the price of oil generally result in an increase in solvent costs and, as a result, an increase in operating expenses. The price and supply of oil, fuel and solvent is unpredictable and fluctuates based on events beyond our control, including geopolitical developments, supply and demand for oil and natural gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries, regional production patterns and environmental concerns. Since fiscal year 2004, we have experienced increases in the cost of fuel, solvent and other petroleum-based products. In the past, we have been able to pass-through some of these costs to our customers, but we cannot assure you that we will be able to continue to do so in the future. Fuel prices may continue to increase significantly in fiscal year 2008 and beyond. A significant increase in fuel or solvent costs could lower our operating margins and negatively impact our profitability. We currently do not use financial instruments to hedge against fluctuations in oil, solvent or energy prices.

The price at which we sell our re-refined oil is affected by changes in certain oil indices. If the relevant oil index rises, we can typically increase prices for our re-refined oil. If the relevant oil index declines, we must typically reduce prices for our re-refined oil. However, the cost to collect used oil, including the amounts we must pay to obtain used oil and the fuel costs of our oil collection fleet, generally also increases or decreases when the relevant index increases or decreases. Even though the prices we can charge for our re-refined oil and the costs to collect and re-refine used oil generally increase and decrease together, we cannot assure you that when our costs to collect and re-refine used oil increase we can increase the prices we charge for our re-refined oil to cover such increased costs or that the costs to collect and re-refine used oil will decline when the prices we can charge for re-refined oil declines. If the prices we charge for our re-refined oil and the costs to collect and re-refine used oil do not move together or in similar magnitudes, our profitability may be materially and negatively impacted.

We may be subject to citizen opposition and negative publicity due to public concerns over hazardous waste operations, which could have a material adverse effect on our business, operations or financial condition.

There currently exists a high level of public concern over hazardous waste operations, including with respect to the siting and operation of transfer, processing, storage and disposal facilities. Part of our business strategy described above is to increase our re-refining capacity through either the construction of a new facility or the expansion of existing facilities as well as the expansion of branch operations in growth markets. Zoning, permit and licensing applications and proceedings, as well as regulatory enforcement proceedings, are all matters open to public scrutiny and comment. Accordingly, from time to time we have been, and may in the future be, subject to citizen opposition and publicity which may damage our reputation and delay or limit the expansion and development of our operating properties or impair our ability to renew existing permits which could prevent us from implementing our growth strategy and have a material adverse effect on our business, financial condition or results of operations.

Expansion of our business may result in unanticipated adverse consequences.

In the future, we may seek to grow our business by investing in new or existing facilities, making acquisitions or entering into partnerships and joint ventures. Acquisitions, partnerships, joint ventures or investments may require significant managerial attention, which may divert our management from our other activities and may impair the operation of our existing businesses. Any future acquisitions of businesses or facilities could entail a number of additional risks, including:

- the failure to successfully integrate the acquired businesses or facilities into our operations;
- the inability to maintain key pre-acquisition business relationships;
- loss of key personnel of the acquired business or facility;
- exposure to unanticipated liabilities; and
- the failure to realize efficiencies, synergies and cost savings.

As a result of these and other factors, including the general economic risk associated with the industries in which we operate, we may not be able to realize the expected benefits from any recent or future acquisitions, partnerships, joint ventures or other investments.

We depend on key personnel, whom we may not be able to retain or recruit.

One of our primary assets is our highly skilled personnel, including Frederick J. Florjancic, Jr., our CEO and President, and our other executive officers. Our future success will depend upon, among other things, our ability to keep our executives and to hire other highly qualified employees at all levels. We compete with other potential employers for employees, and we may not be successful in hiring and keeping the executives and other employees that we need. While we have entered into employment agreements with certain members of our senior management, should any of these persons be unable or unwilling to continue their employment with us, our business, financial condition or results of operations could be materially and adversely affected.

We have experienced significant losses, and we cannot guarantee that we can maintain profitability.

From June 2000 to December 2003, our predecessor company was in bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. Since our emergence from bankruptcy, we have had net losses of $100.4 million in fiscal 2004, $123.9 million in fiscal year 2005, and $73.4 million in fiscal year 2006. We generated net income in fiscal year 2007 of $4.5 million. These net losses were due in part to significant depreciation expense relating to fresh start accounting under GAAP and the associated expense of two significant refinancings in fiscal years 2005 and 2006 which required the payment of pre-payment penalties. However, our net losses also resulted from continued weak financial and operating performance. We cannot assure that we will be successful in executing our business strategy or that we will continue to remain profitable.

Our level of indebtedness could adversely affect our financial condition and ability to fulfill our obligations.

As of the end of fiscal year 2007, we had $278.3 million of outstanding indebtedness. We also have the ability under our credit facility to draw upon our $100.0 million revolver, of which $83.6 million was available as of December 29, 2007, and an additional $100.0 million if certain conditions are satisfied under our credit facility (including the agreement of current or new lenders to extend additional credit to us). Our level of indebtedness may:

- adversely impact our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes;
- require us to dedicate a substantial portion of our cash flow to the payment of interest on our indebtedness;
- subject us to the risk of increased sensitivity to interest rate increases based upon variable interest rates, including our borrowings (if any) under our revolving credit facility;
- increase the possibility of an event of default under the financial and operating covenants contained in our debt instruments; and
- limit our ability to adjust to rapidly changing market conditions, reducing our ability to withstand competitive pressures and make us more vulnerable to a downturn in general economic conditions of our business than our competitors with less debt.

If we are unable to generate sufficient cash flow from operations in the future to service our debt obligations, we may be required to refinance all or a portion of our existing debt facilities, or to obtain additional financing and facilities. However, we may not be able to obtain any such refinancing or additional facilities on favorable terms or at all.

We may not be able to access additional debt or equity financing on acceptable terms, which could impede the implementation of our acquisition strategy and negatively impact our business.

We are likely to require additional capital to support our operations and growth plans, including for working capital, capital expenditures and to fund acquisitions. During volatile times in the capital markets or periods of economic contraction or downturn, our ability to access debt or equity capital may be significantly constrained. If we are unable to access additional capital on acceptable terms, our business and results of operations would be negatively impacted.

In particular, in order to make acquisitions, we may require funding from external sources. Since the timing and size of acquisitions cannot be readily predicted, we may need to be able to obtain funding on short notice to benefit fully from attractive opportunities. Sufficient funding for an acquisition may not be available on short notice or may not be available on terms acceptable to us, particularly in light of the ongoing difficulties in the credit and financial markets. An inability to fund acquisitions on acceptable terms would prevent us from pursuing our acquisition strategy.

We are subject to restrictive debt covenants that impose operating and financial restrictions that could limit our ability to grow our business.

Covenants in our credit facility impose significant operating and financial restrictions on us. These restrictions prohibit or limit, among other things, our ability to:

- incur additional indebtedness or issue preferred stock and certain redeemable capital stock;
- pay dividends on or repurchase our capital stock;
- make investments and acquisitions;
- sell assets;
- enter into transactions with affiliates;
- create liens on our assets;
- consolidate, merge or transfer all or substantially all of our assets; and
- engage in other kinds of businesses.

Furthermore, the credit facility requires us to maintain specified total leverage and interest coverage ratios and to satisfy specified financial condition tests, and under certain circumstances requires us to make quarterly mandatory prepayments with a portion of our available cash. See "Description of Senior Secured Credit Facility." These restrictions could limit our ability to obtain future financing, make acquisitions, withstand downturns in our business or take advantage of business opportunities.

If we fail to comply with the restrictive covenants in our credit facility, our senior lenders may accelerate the payment of indebtedness outstanding under our credit facility.

Our credit facility requires us to maintain specified financial ratios and satisfy financial condition tests. Our ability to comply with the ratios or tests may be affected by events beyond our control, including prevailing economic, financial and industry conditions. See the information under "Description of Senior Secured Credit Facility" for a more complete description of these restrictions and covenants. A breach of any of these covenants, ratios or tests could result in a default under the credit facility. Upon the occurrence of an event of default, the lenders could elect to declare all amounts outstanding under the credit facility, together with accrued interest, to be immediately due and payable. If we were unable to repay or refinance those amounts, the lenders could proceed against the assets pledged to secure that indebtedness, which includes substantially all of our assets. If the lenders accelerate the payment of the indebtedness, our assets may not be sufficient to repay this indebtedness in full.

Our interest expense may increase significantly and could cause our net income and distributable cash to decline significantly.

Borrowings under our credit facility bear a floating rate of interest. Although we entered into a $100.0 million notional amount fixed rate interest swap agreement fixing our London interbank offered rate, or LIBOR, interest rate at 4.09%, this agreement expires in May 2008. In the event of an increase in the base reference interest rates or an increase in the amount of our indebtedness, our interest expense will increase and could have a material adverse effect on our net income to the extent that such indebtedness is not covered by the fixed interest swap agreement or if such agreement terminates and is not replaced by a similar agreement.

In the event Clean Harbors, Inc. or McKesson Corporation is unwilling or unable to indemnify us for certain liabilities, our business, financial condition and results of operations could be materially adversely affected.

In September 2002, our predecessor company completed the sale of certain assets and liabilities of our predecessor company's chemical services division, which we refer to as CSD, to Clean Harbors, Inc. Under the sale agreement, Clean Harbors assumed all known liabilities related to the CSD assets, which were recorded on our predecessor company's books at $250.4 million. Clean Harbors also agreed to indemnify our predecessor company and us against certain additional contingent liabilities related to the former CSD operations. In addition, Clean Harbors assumed and is required to indemnify us for approximately $3.3 million of liabilities related to our containerized dry cleaning and wastewater treatment facility in Hebron, Ohio and our recycling facility in Chicago, Illinois following the sale of those facilities in March 2008. Further, McKesson Corporation retained certain liabilities and has agreed to similarly indemnify us at four other sites in connection with our predecessor company's acquisition of McKesson Envirosystems Company in 1987.

In the event that Clean Harbors or McKesson, as the case may be, does not agree on the proposed classification of all claims as those that it is required to indemnify us for and is ultimately successful in its classification, or if Clean Harbors or McKesson, as the case may be, otherwise does not or is unable to meet its obligation with respect to the assumed liabilities, we could be subject to claims against us that could materially adversely affect our business, financial condition or results of operations.

We are subject to various claims and legal actions arising in the ordinary course of business, which, if determined adversely to us, could have a material adverse impact on our financial condition.

From time to time, we are named as a defendant in various lawsuits arising in the ordinary course of business, including proceedings wherein persons claim personal injury resulting from the use of our parts washer equipment and/or cleaning products. A number of such legal proceedings are currently pending in various courts and jurisdictions throughout the United States. These proceedings typically involve allegations that the solvent used in our parts washers contains contaminants and/or that our recycling process does not effectively remove the contaminants that become entrained in the solvent during its use. In addition, certain claimants assert that we failed to adequately warn the user of potential risks of using our product. We cannot predict the outcome of these proceedings, and any adverse judgment could have an adverse impact on our financial condition. See "Business—Legal Proceedings."

We cannot be certain that our net operating loss carryforwards, or NOLs, will continue to be available to offset our income tax liability.

As of December 29, 2007, we estimated that we had NOLs of approximately $275.1 million for U.S. federal income tax purposes. The NOLs will expire in various amounts beginning in 2024 if not used. The Internal Revenue Service, or the IRS, has not audited any of our tax returns for the years in which the losses giving rise to the NOLs were reported, nor has it otherwise challenged our use of the NOLs. Subject to certain limitations, NOLs may generally be used to offset future U.S. federal income tax liability.

If a corporation incurs an "ownership change," as such term is used in Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, the corporation's use of its NOLs will be subject to certain significant limitations. For these purposes, an "ownership change" generally occurs if, among other things, (i) stockholders (or a group of stockholders) who directly or indirectly own or have owned 5% or more of the value of our stock (or are otherwise treated as "5% shareholders" under Section 382 and the regulations promulgated thereunder) increase their percentage of ownership of our stock and (ii) the increase of the total stock ownership of all such increasing 5% shareholders exceeds 50% (as measured against the lowest percentage of our stock owned by these 5% shareholders at any time during a testing period, which is generally the three-year period preceding the potential ownership change). If a corporation incurs an ownership change, the amount of the corporation's annual income that can be offset by pre-ownership change NOLs and certain built-in losses generally is limited to the product of (i) the fair market value of the corporation's equity multiplied by (ii) the federal long-term tax exempt interest rate in effect on the date of the ownership change (as published by the IRS), subject to certain adjustments.

We incurred an ownership change in 2005, and may incur further ownership changes, including as a result of this offering. Accordingly, our ability to utilize our NOLs is limited and may become subject to further limitations in the future.

Risks Related to this Offering

Before this offering, there was no public market for our common stock and there can be no assurance that an active trading market for our common stock will develop.

Prior to this offering, there was no public market for our common stock. The initial public offering price of the common stock will be determined by negotiations between us and the underwriters and may not be indicative of the market price for our common stock in the future. There can be no assurance that an active trading market for our common stock will develop or be sustained after the offering.

The market price of our common stock may be volatile, which could cause the value of your investment to decline significantly.

In response to general economic and market conditions and their effect on various industries, securities markets worldwide experience significant price and volume fluctuations. If a trading market in our common stock develops, this market volatility could cause the price of our common stock to decline significantly and without regard to our operating performance. In addition, the market price of our common stock could decline significantly if our future operating results fail to meet or exceed the expectations of public investors or market analysts that cover our company.

Some specific factors that may have a significant effect on the market price of our common stock include:

- actual or anticipated fluctuations in our operating results;
- actual or anticipated changes in our growth rates or our competitors' growth rates;
- conditions in the markets in which we compete;
- conditions in the financial markets in general or changes in general economic conditions;
- our ability to raise additional capital;
- changes in market prices for our services and our products; and
- changes in stock market analyst recommendations regarding our common stock, other comparable companies or our industry generally.

As a result of these and other factors, you may be unable to resell your shares of our common stock at or above the initial public offering price.

Future sales or the possibility of future sales of a substantial amount of our common stock may depress the price of the shares of our common stock.

Future sales or the availability for sale of substantial amounts of our common stock in the public market could adversely affect the prevailing market price of our common stock and could impair our ability to raise capital through future sales of our equity securities.

Upon consummation of this offering, there will be shares of common stock outstanding. The shares of common stock sold in this offering will be freely transferable without restriction or further registration under the Securities Act of 1933, as amended, or the Securities Act. The remaining shares of common stock outstanding, including the shares owned by our existing equity investors, will be restricted securities within the meaning of Rule 144 under the Securities Act, but will be eligible for resale subject to applicable volume, manner of sale, holding period and other limitations of Rule 144. We and certain existing equity investors holding shares have agreed to a "lock-up," meaning that neither we nor they will sell any shares without the prior consent of the representatives of the underwriters for 180 days after the date of this prospectus. Further, pursuant to the terms of the registration rights agreement with certain of our existing stockholders, if any of such stockholders sell shares of common stock in this offering, all such stockholders are required to lock-up their shares for 120 days. Following the expiration of these lock-up periods, all of the shares of our common stock subject to the lock-up will be eligible for future sale, subject to the applicable volume, manner of sale, holding period and other limitations of Rule 144. See "Shares Eligible for Future Sale" for a discussion of the shares of common stock that may be sold into the public market in the future. In addition, existing equity investors holding shares have registration rights with respect to the common stock that they will retain following this offering. See "Certain Relationships and Related Party Transactions—Registration Rights Agreement."

We may issue shares of our common stock or other securities from time to time as consideration for future acquisitions and investments. In the event any such acquisition or investment is significant, the number of shares of our common stock or the number of other securities that we may issue may in turn be significant. In addition, we may also grant registration rights covering those shares of common stock or other securities in connection with any such acquisitions and investments. Any or all of these occurrences could depress the trading prices of our securities.

We do not anticipate paying dividends for the foreseeable future on our common stock.

We do not anticipate paying any cash dividends on our common stock for the foreseeable future. Instead, we intend to retain future earnings to fund our growth. In addition, our existing indebtedness restricts, and we anticipate our future indebtedness may restrict, our ability to pay dividends. Therefore, you may not receive a return on your investment in our common stock by receiving a payment of dividends.

The book value of shares of common stock purchased in the offering will be immediately diluted and may be subject to additional dilution in the future.

The initial public offering price per share of our common stock is considerably higher than our adjusted net tangible book value per share immediately after the offering. As a result, you may pay a price per share that substantially exceeds the book value of our assets after subtracting our liabilities. Investors who purchase common stock in the offering will be diluted by $ per share after giving effect to the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share (the midpoint of the range set forth on the cover page of this prospectus) and the sale of up to million shares to the underwriters pursuant to their over-allotment option. If we grant options in the future to our employees, and those options are exercised or other issuances of common stock are made, there will be further dilution.

We will incur increased costs as a result of being a public company.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. We will incur costs associated with our public company reporting requirements. We also anticipate that we will incur costs associated with corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, as well as rules implemented by the SEC and the New York Stock Exchange, or NYSE. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. We also expect that being a public company will make it more expensive for us to hire directors and to obtain director and officer liability insurance. We may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. Further, we may need to hire additional accounting, financial and compliance staff with appropriate public company experience and technical accounting knowledge. Although we expect these additional expenses will range between $1.0 million and $3.0 million annually, we cannot fully predict or estimate the amount of additional costs we may incur or the timing of such costs. Any of these expenses could harm our business, operating results and financial condition.

As a result of this offering, we will be subject to financial reporting and other requirements for which our accounting, internal audit and other management systems and resources may not be adequately prepared.

As a result of this offering, we will become subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended, or the Exchange Act, including the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. Section 404 requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent auditors addressing these assessments. These reporting and other obligations will place significant demands on our management, administrative, operational, internal audit and accounting resources. Any failure to achieve and maintain effective internal controls could have a material adverse effect on our business, financial condition or results of operations.

Antitakeover provisions in our charter documents and our stockholder rights agreement could prevent a sale of our business to a third party.

It may be difficult for a third party to acquire us, even if doing so may be beneficial to our stockholders. Certain provisions of our certificate of incorporation and bylaws may discourage, delay or prevent a change of control of our company that a stockholder may consider favorable. These provisions include the following:

- authorizing the issuance of "blank check" preferred stock that could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt;
- limiting who may call special meetings of stockholders;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of the stockholders; and
- establishing advance notice requirements for nominations of candidates for election to our board of directors or for proposing matters that can be acted upon by stockholders at a stockholder meeting.

In addition, the documents governing our credit facility impose, and we anticipate documents governing our future indebtedness may impose, limitations on our ability to enter into change of control transactions. Under these documents, the occurrence of a change of control transaction would constitute an event of default permitting acceleration of the indebtedness.

Following the consummation of this offering, certain of our existing equity investors will collectively be able to exercise substantial influence over matters requiring stockholder approval and board approval and their interests may diverge from the interests of the other holders of our common stock.

Following the consummation of this offering, affiliates of Highland Capital Management, Contrarian Capital Management, JPMorgan Chase & Co. and GSC Group will beneficially own %, %, % and %, respectively, of our outstanding shares of common stock. As a result, these stockholders collectively exercise substantial influence over matters requiring stockholder approval, including decisions about our capital structure. The interests of such stockholders may conflict with your interests as a holder of common stock. In addition, these stockholders entered into a voting agreement with Safety-Kleen. In accordance with the voting agreement, Highland Capital Management is currently entitled to designate two directors to our board of directors and Contrarian Capital Management, JPMorgan Chase & Co. and GSC Group are each entitled to designate one director. Highland's designees to our board are Patrick H. Daugherty and Gregory J. Stuecheli, Contrarian's designee is Jason Mudrick, and GSC Group's designee is Matthew Kaufman. JPMorgan has elected to designate a board observer in lieu of designating a director. The voting agreement will expire in accordance with its terms upon the consummation of this offering. See "Certain Relationships and Related Party Transactions—Voting Agreement." Until such time as such directors resign, are removed or are not re-elected, directors designated by such stockholders will collectively be able to exercise substantial influence over matters requiring board approval.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains statements about future events and expectations that constitute forward-looking statements. Forward-looking statements are based on our beliefs, assumptions and expectations of our future financial and operating performance and growth plans, taking into account information currently available to us. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties, all of which are difficult to predict and any of which could cause actual results to differ materially from the expectations of future results expressed or implied in such forward-looking statements.

Important factors that could cause actual results to differ materially from our expectations are disclosed under "Risk Factors" and elsewhere in this prospectus, including, among others:

- general economic and business conditions and industry trends, including the strength of the industries in which we and our customers are involved;
- changes in the price of oil and other commodities and interest rates;
- inherent uncertainties in our ability to execute our business strategies to grow revenue and improve profitability, including our ability to increase our market share in the parts cleaning business, increase the scale of our oil services business, expand our customer base, increase the penetration of our existing customers, expand our service offerings, develop new products and grow through acquisitions;
- the risk that we may not be able to retain existing customers or obtain new customers;
- our future financial performance, including availability, terms and deployment of capital;
- the highly competitive nature of the markets which we serve;
- availability of qualified personnel;
- changes in, or our failure or inability to comply with, government regulations and adverse outcomes from regulatory proceedings;
- our inability to obtain regulatory or other necessary approvals to operate our network and grow our business; and
- potential liabilities and expenditures related to environmental laws and regulations.

The words "may," "will," "should," "could," "would," "predicts," "potential," "continue," "future," "estimates," "expect," "intend," "plan," "believe," "project," "anticipate," and similar terms and phrases, including references to assumptions, identify forward-looking statements in this prospectus.

We do not undertake any responsibility to publicly update or revise any forward-looking statements to take into account events or circumstances that occur after the date of this prospectus. Additionally, we do not undertake any responsibility to update you on the occurrence of any unanticipated events which may cause actual results to differ from those expressed or implied by the forward-looking statements contained in this prospectus.

USE OF PROCEEDS

Based on an assumed initial public offering price of $ per share of common stock (the midpoint of the range shown on the cover of this prospectus), we estimate that we will receive net proceeds from this offering of approximately $ million after deducting underwriting discounts and commissions and other estimated offering expenses payable by us. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the range shown on the cover of this prospectus) would increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use these proceeds for general corporate purposes, including to fund working capital and capital expenditures and possibly to make acquisitions. We will not receive any proceeds from the sale of shares to be sold by the selling stockholders.

DIVIDEND POLICY AND RESTRICTIONS

We do not plan to pay cash dividends on our common stock for the foreseeable future. The payment of any dividends by us and the amount of any such dividends will be subject to the discretion of our board of directors and will depend, among other things, upon our results of operations, financial condition, cash requirements, future prospects and other factors which may be considered relevant by our board of directors. In addition, our credit facility also restricts our ability to pay dividends, and the instruments governing our future debt will likely restrict our ability to pay dividends.

(4) We expect to complete a for stock split of our common stock to be effected prior to the completion of this offering. All share amounts have been retroactively adjusted to give effect to this stock split.

(5) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the range set forth on the cover page of this prospectus) would increase (decrease) each of cash and cash equivalents, paid-in capital, total stockholders' equity and total capitalization by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

DILUTION

Dilution is the amount by which the initial public offering price per share paid by the purchasers of the common stock to be sold in this offering exceeds the net tangible book value per share of our common stock after the offering. Net tangible book value per share of our common stock is determined at any date by subtracting our total liabilities from our tangible assets (total assets less our intangible assets) and dividing the difference by the number of shares of common stock deemed to be outstanding at that date.

Our net tangible book value as of December 29, 2007 was approximately $40.6 million, or $1.19 per share of common stock. After giving effect to our receipt and intended use of approximately $ million of estimated net proceeds (after deducting estimated underwriting discounts and commissions and offering expenses payable by us) from our sale of common stock in this offering based on an assumed initial public offering price of $ per share of common stock (the midpoint of the range set forth on the cover page of this prospectus) our as adjusted net tangible book value as of December 29, 2007 would have been approximately $ million, or $ per share of common stock. This represents an immediate increase in net tangible book value of $ per share of our common stock to existing stockholders and an immediate dilution of $ per share of our common stock to new investors purchasing shares of common stock in this offering. Shares sold by existing stockholders in this offering have no effect on this calculation.

The following table illustrates this substantial and immediate dilution to new investors on a per share basis:

Assumed initial public offering price per share		$
Net tangible book value per share as of December 29, 2007	$ 1.19	
Increase in net tangible book value per share attributable to new investors		
Adjusted net tangible book value per share after giving effect to the offering		
Dilution in net tangible book value per share to new investors		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the range set forth on the cover page of this prospectus) would increase (decrease) our as adjusted net tangible book value by $ million, as adjusted net tangible book value per share after this offering by $ per share, and the dilution per share to new investors by $ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The following table sets forth on an as adjusted basis as of December 29, 2007, assuming no exercise of the underwriters' over-allotment option:

- the total number of shares of our common stock owned by our existing stockholders and the total number of shares of our common stock to be owned by the new investors purchasing shares of common stock in this offering;
- the total consideration paid by our existing stockholders and to be paid by the new investors purchasing shares of common stock in this offering; and
- the average price per share of common stock paid by our existing stockholders (cash and stock) and the average price per share of common stock to be paid by new investors

purchasing shares of common stock in this offering (assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover of this prospectus).

	Shares Purchased		**Total Consideration**		
	Number	**Percent**	**Amount**	**Percent**	**Average Price Per Share**
Existing stockholders		%	$	%	$
New investors		%	$	%	$
Total		%	$	%	$

The preceding tables exclude 4,814,145 shares reserved and available for future grant or issuance under the Safety-Kleen Equity Plan, of which options to purchase 3,173,400 shares at a weighted average price of $5.54 per share and 466,250 restricted stock units had been granted and were outstanding as of December 29, 2007.

Upon emergence from bankruptcy in 2003, certain creditors of our predecessor company received shares of our common stock in satisfaction of their claims in the bankruptcy. These creditors constituted all of our shareholders upon emergence. Many of our existing stockholders were our predecessor company's creditors. In addition, in August 2006, we undertook a recapitalization which included a $100.0 million rights offering to our stockholders existing at such time to purchase shares of our common stock for $11.00 per share. We received $96.6 million from the subscribers in the rights offering, net of offering costs of $3.4 million. The offering costs were primarily paid to certain of our stockholders to ensure full subscription to the rights offering.

SELECTED HISTORICAL FINANCIAL AND OPERATING DATA

The following table presents selected historical financial and operating data as of and for the fiscal years ended December 31, 2004, December 31, 2005, December 30, 2006 and December 29, 2007, for us after our emergence from bankruptcy and has been derived from our audited consolidated financial statements. The selected historical consolidated financial and operating data as of and for the fiscal year ended August 31, 2003 for our predecessor company prior to our emergence from bankruptcy have been derived from our predecessor company's audited consolidated financial statements. In December 2003, our predecessor company changed its fiscal year-end from August 31 to December 31, effective in 2003. As a result, the selected historical financial and operating data below includes the four-month period from September 1, 2003 through December 31, 2003, which has also been derived from our predecessor company's audited consolidated financial statements.

The information in the following table should be read together with our audited consolidated financial statements and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations," all as included elsewhere in this prospectus.

In connection with our emergence from bankruptcy on December 24, 2003, all conditions required for adoption of fresh start accounting were met when our predecessor company's Plan of Reorganization became effective and our predecessor company ceased to exist. As of December 31, 2003, we adopted fresh start accounting in accordance with Statement of Position ("SOP") 90-7, *Financial Reporting by Entities in Reorganization under the Bankruptcy Code*. As a result, all assets and liabilities of our predecessor company were restated to reflect their respective fair values and became the new basis for our consolidated balance sheet as of December 31, 2003. Our balance sheet is that of a new reporting entity and is not comparable to the consolidated balance sheet of our predecessor company, nor is our predecessor company's operating data comparable to our operating data.

	Predecessor Company		Successor Company			
			Fiscal Years Ended			
	Fiscal Year Ended August 31, 2003	For the Four Months Ended December 31, 2003	December 31, 2004	December 31, 2005	December 30, 2006	December 29, 2007
	(in thousands, except per share data)		(in thousands, except per share data)			
Income Statement Data						
Revenues	$ 851,220	$ 285,370	$ 867,261	$ 925,111	$ 1,002,243	$ 1,072,967
Operating expense	683,681	232,043	728,104	773,037	828,461	891,768
General and administrative expense	179,019	58,346	112,575	95,644	87,392	75,649
Depreciation and amortization	82,091	24,157	85,122	77,543	77,943	68,637
Impairment of long-lived assets	—	—	—	26,176	1,573	—
Interest expense	8,106	3,653	61,746	59,226	41,260	24,683
Extinguishment of debt	—	—	—	16,548	33,107	—
Reorganization items	230,517	(2,514,516)	—	—	—	—
Other expense (income)—net	(109,549)	5,746	(16,255)	(1,840)	2,146	5,140
Total expenses	1,073,865	(2,190,571)	971,292	1,046,334	1,071,882	1,065,877

Income (loss) before income taxes and cumulative effect of change in accounting principle	(222,645)	2,475,941	(104,031)	(121,223)	(69,639)	7,090
Income tax benefit (expense)	4,318	15,728	3,674	(2,643)	(3,728)	(2,598)
Income (loss) before cumulative effect of change in accounting principle	(218,327)	2,491,669	(100,357)	(123,866)	(73,367)	4,492
Cumulative effect of change in accounting principle	(4,011)	—	—	—	—	—
Net income (loss)	$ (222,338)	$ 2,491,669	$ (100,357)	$ (123,866)	$ (73,367)	$ 4,492
Income (loss) before cumulative effect of change in accounting principle per common share						
Basic	N/A	N/A	$ (4.05)	$ (4.96)	$ (2.49)	$ 0.13
Diluted	N/A	N/A	$ (4.05)	$ (4.96)	$ (2.49)	$ 0.12
Net income (loss) per common share						
Basic	N/A	N/A	$ (4.05)	$ (4.96)	$ (2.49)	$ 0.13
Diluted	N/A	N/A	$ (4.05)	$ (4.96)	$ (2.49)	$ 0.12
Weighted average common shares outstanding						
Basic	N/A	N/A	25,003	25,154	29,747	34,627
Diluted	N/A	N/A	25,003	25,154	29,747	36,999

	Predecessor Company		**Successor Company**				
	As of		**As of**				
	August 31, 2003	**December 31, 2003**	**December 31, 2003**	**December 31, 2004**	**December 31, 2005**	**December 30, 2006**	**December 29, 2007**
	(in thousands)		**(in thousands)**				
Balance Sheet Data							
Assets							
Cash and cash equivalents	$ 42,849	$ 21,680	$ 15,755	$ 4,744	$ 2,033	$ 2,669	$ 2,748
Total current assets	321,828	218,093	230,920	228,793	246,613	232,499	244,116
Total assets	1,290,319	1,254,220	887,554	819,343	726,859	672,273	704,875
Liabilities and stockholders' equity (deficit)							
Total current liabilities	733,366	721,388	220,425	214,206	209,200	192,906	199,251
Long-tem debt—including current portion	117,194	114,092	230,208	265,095	336,615	255,140	278,252
Minority interest	—	—	10,000	10,000	10,000	—	—
Stockholders' equity (deficit)	(2,144,537)	(2,182,914)	336,700	241,395	120,903	146,189	159,415

	Fiscal Years Ended			
	December 31, 2004	**December 31, 2005**	**December 30, 2006**	**December 29, 2007**
Other Data				
Capital expenditures(1)	$ 42,460	$ 35,482	$ 25,570	$ 39,419
Acquisitions	—	—	20,182	40,078
Adjusted EBITDA(2)	28,256	53,636	94,807	116,594

(1) Excludes capital expenditures acquired through capital lease obligations or included in accounts payable of $9.0 million, $7.1 million, $13.7 million and $12.8 million for fiscal years 2004, 2005, 2006 and 2007, respectively.

(2) Adjusted EBITDA is a non-GAAP financial measure. We are required by our credit facility to calculate Adjusted EBITDA (referred to as "Consolidated EBITDA" in our credit facility) in accordance with the definition provided for in our credit facility. Based on our results of operations for fiscal years 2004, 2005, 2006 and 2007, to calculate Adjusted EBITDA, we start with our net income (loss) for such period, calculated in accordance with GAAP, and add back the following expenses and charges to the extent such items were deducted in calculating net income (loss): interest expense, income tax expense, depreciation and amortization expense, impairment of long-lived assets, loss on extinguishment of debt, stock-based compensation expense, provision (benefit) for vacation expense, provision (benefit) for environmental liabilities, charges related to the termination of a third-party information technology services contract; and we also eliminate the amounts set forth in the "other (income) expense" line item of the income statement in our financial statements. The actual definition of Adjusted EBITDA under our credit facility is more detailed; however, the adjustments to net income (loss) described in the previous sentence were the only adjustments applicable to the calculation of Adjusted EBITDA pursuant to its definition for fiscal years 2004, 2005, 2006 and 2007. For the full definition of Adjusted EBITDA, see "Description of Senior Secured Credit Facility."

We and the lenders under our credit facility believe that Adjusted EBITDA is a useful measure, and we believe that it is a useful measure for our investors, because it is an important indicator of our ability to provide cash flows to meet future debt service, capital expenditures and working capital requirements and fund future growth. Additionally, covenants in our credit facility contain ratios based on this measure. If our Adjusted EBITDA were to decline below certain levels, covenants in our credit facility that are based on our Adjusted EBITDA, including our minimum interest coverage ratio and maximum leverage ratio covenants, may be violated and could prevent us from borrowing under the facility and in certain circumstances could cause a default or mandatory prepayment under our credit facility. Under our credit facility, we are required to maintain an interest coverage ratio, which is the ratio of our Adjusted EBITDA to cash interest expense for the four prior fiscal quarters, of at least 2.5 to 1.0, which will increase to 3.0 to 1.0 beginning in fiscal year 2009. For fiscal year 2007, our interest coverage ratio was 5.1 to 1.0. Under our credit facility, we are also required to maintain a leverage ratio that is not more than 4.5 to 1.0. The leverage ratio is the ratio of our Consolidated Indebtedness (as defined in our credit facility) to our Adjusted EBITDA for the four prior fiscal quarters after giving pro forma effect to any acquisitions and dispositions that may have occurred during that period. As of December 29, 2007, we were in compliance with our maximum leverage ratio covenant. Under the credit facility, our leverage ratio is also used to determine the applicable interest rate margin for borrowings under the revolver. For further discussion regarding these ratios, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Outstanding Debt and Existing Financing Arrangements—Certain ratio covenants."

Our management also uses Adjusted EBITDA to facilitate a comparison of our operating performance on a consistent basis from period to period and a comparison of our operating performance against that of other companies. Our management believes that an analysis of our operating performance using GAAP financial measures in conjunction with Adjusted EBITDA provides a more complete understanding of our operating performance and the factors and trends affecting our business than would an analysis using only GAAP financial measures. We believe Adjusted EBITDA assists our board of directors, management and investors in analyzing our operating performance because:

- it excludes items that are generally outside the control of our management team (such as income taxes, provision (benefit) for environmental liabilities, and impairment of long-lived assets);

- it provides for greater comparability of our operating performance on a consistent basis from period to period by excluding the impact of our recapitalization and refinancing during fiscal years 2005 and 2006 (primarily loss on extinguishment of debt) and unusual items that we do not expect to continue at the same level in the future (charges related to the termination of a third-party information technology services contract); and

- it provides for greater comparability of our operating performance against the operating performance of other companies because it excludes items that can differ significantly from company to company depending on long-term strategic decisions regarding a company's capital structure and asset base (primarily interest expense, amortization of debt issuance costs and depreciation and amortization).

The human resources and compensation committee of our board of directors and our senior management also use Adjusted EBITDA as the primary metric to determine bonus compensation levels for senior management and other employees. See "Compensation Discussion and Analysis."

Adjusted EBITDA is not a measure calculated in accordance with GAAP and should not be considered a substitute for, or more meaningful than, net income (loss), operating income (loss), cash flows from operations or any other measure of financial performance or liquidity reported in accordance with GAAP. Because not all companies use identical calculations, the presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

The following table shows the calculation of our Adjusted EBITDA for the periods indicated.

	Fiscal Years Ended			
	December 31, 2004	December 31, 2005	December 30, 2006	December 29, 2007
	(in thousands)			
Net income (loss)	$ (100,357)	$ (123,866)	$(73,367)	$ 4,492
Adjustments:				
Interest expense	61,746	59,226	41,260	24,683
Income tax benefit (expense)	(3,674)	2,643	3,728	2,598
Depreciation and amortization	85,122	77,543	77,943	68,637
Impairment of long-lived assets	—	26,176	1,573	—
Loss on extinguishment of debt	—	16,548	33,107	—
Stock-based compensation expense	1,754	2,063	4,559	4,110
Provision (benefit) for vacation expense	148	169	399	(263)
Provision (benefit) for environmental liabilities	(228)	(5,026)	3,459	4,686
Charges related to the termination of a third-party IT services contract(a)	—	—	5,542	2,511
Other expense (income)—net(b)	(16,255)	(1,840)	(3,396)	5,140
Adjusted EBITDA	$ 28,256	$ 53,636	$ 94,807	$116,594

(a) Charges in fiscal year 2006 primarily represent one-time fees associated with terminating ongoing services provided under a third-party information technology services contract and were included in the "other (income) expense—net" line item in our consolidated statements of operations. Charges in fiscal year 2007 represent duplicative expenses associated with the third-party information technology services contract during our transition to new providers and were recorded as general and administrative expenses in our consolidated statements of operations.

(b) The "other expense (income)—net" line item for fiscal year 2006 in this table does not agree with the "other expense (income)—net" line item of our consolidated statement of operations because it excludes the $5.5 million charge set forth in the "charges related to the termination of a third-party IT services contract" line item above. See footnote (a) above.

In addition, for further information, the following table reconciles our Adjusted EBITDA to net cash flows provided by operating activities for the periods indicated.

	Fiscal Years Ended			
	December 31, 2004	December 31, 2005	December 30, 2006	December 29, 2007
	(in thousands)			
Net cash provided by operating activities	$ 9,272	$ 17,201	$ 92,868	$ 66,269
Adjustments				
Interest expense	61,746	59,226	41,260	24,683
Non-cash interest expense	(32,465)	(20,217)	(11,979)	—
Amortization of debt discount and debt issuance costs	(2,332)	(6,962)	(5,558)	(696)
Gain (loss) on derivative instrument	—	—	1,569	(1,275)
Changes in working capital	26,831	16,867	(23,605)	22,367
Provision for uncollectible accounts—net	(6,357)	(1,271)	(3,106)	(5,427)

Income tax (benefit) expense	(3,674)	2,643	3,728	2,598
Deferred income taxes	468	(2,958)	(1,735)	(565)
Provision (benefit) for vacation expense	148	169	399	(263)
Proceeds from legal settlements	(21,601)	(6,117)	(1,750)	—
Gain on legal settlements	25,101	5,566	—	—
Other expense (income)—net	(28,653)	(5,485)	(6,285)	1,706
Provision (benefit) for environmental liabilities	(228)	(5,026)	3,459	4,686
Charges related to the termination of a third-party IT services contract	—	—	5,542	2,511
Adjusted EBITDA	$ 28,256	$ 53,636	$ 94,807	$ 116,594

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and accompanying notes which appear elsewhere in this prospectus. It contains forward-looking statements that involve risks and uncertainties. Please see "Cautionary Statement Regarding Forward-Looking Statements" for more information. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this prospectus, particularly under the headings "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements."

Overview

Safety-Kleen is the leading provider of used oil collection, re-refining and recycling, and parts cleaning services in North America, and is also a market leader in providing a comprehensive set of other environmental solutions, such as containerized waste services, vacuum services and total project management services. Our broad set of environmentally-responsible products and services ensures the responsible collection, processing, re-refining, recycling and third-party disposal of hazardous and non-hazardous materials. Our North American network (including branches, recycling centers, distribution centers, oil terminals, accumulation centers and re-refineries) is the largest in the industry, consisting of over 200 facilities in the United States, Canada and Mexico and logistics capabilities supported by a fleet of trucks, rail cars and barges.

During fiscal year 2007, we serviced approximately 330,000 customer locations across a wide variety of industries, including the manufacturing, automotive and governmental sectors. Our customers in fiscal year 2007 included approximately 420 of the Fortune 500, as well as over 300,000 small- to medium-sized businesses, most of which require two or more of the services we offer. Due to the recurring requirements of our customers, we averaged approximately 64,000 service calls per week in fiscal year 2007. As a result of these regular service and maintenance contacts, we are well-positioned to cross-sell new and existing services and related products and to become the complete solutions provider for our customers' industrial cleaning and environmental service needs.

Recent Developments

Acquisition. In December 2007, we acquired certain assets and assumed certain liabilities of Advanced and United for a purchase price of $38.6 million. We made this acquisition to expand our presence in the Northeastern region of the United States and to significantly expand our used oil operations. The acquisition included three oil collection facilities in Connecticut, Rhode Island and New Hampshire, which provided us with approximately 6.5 million additional gallons of tank storage and approximately 15 million additional gallons of oil collection volume per year. The acquisition also provided us with approximately 6,000 additional installed parts washers.

Divestitures. On March 21, 2008, we sold our containerized dry cleaning and wastewater treatment facility in Hebron, Ohio and our recycling facility in Chicago, Illinois to Clean Harbors for an aggregate purchase price of $12.5 million, including Clean Harbors' assumption of $3.3 million of environmental liabilities. These facilities were underutilized and primarily dedicated to non-core lines of business, and by selling them we expect to improve asset utilization.

Components of Revenues and Expenses

Revenues

We generate our revenues from the following product and service offerings:

Oil Services and Products

- Revenues from oil and oil products are derived from the sale of high quality lubricating oils which are re-refined and recycled from used oil, which is also called waste oil. These lubricating oils are the same quality as products refined from crude oil and meet the performance standards set by the American Petroleum Institute. Our lubricating oils are either blended into products such as motor oil or hydraulic oil and are then sold to distributors and other industrial customers or sold as base lubricating oils to compounding and blending companies. The price of our re-refined oil products is affected by the changes in the reported spot market prices of oil as reflected in the Independent Commodity Information Services—London Oil Reports, or the ICIS-LOR rate, which is quoted weekly for base lubricating oil in Europe, Asia and North America. If the ICIS-LOR rate increases, we generally would charge a higher price for our re-refined products. Similarly, if the ICIS-LOR rate falls, the selling prices of our base and blended products tend to decline.

- Revenues from oil and oil products are also derived from sales of RFO. RFO is used oil that has been dehydrated, chemically treated and filtered to remove contaminants. We sell RFO to industrial plants, asphalt plants, cement kilns and pulp and paper companies. Our customers burn RFO to operate their own facilities, in lieu of alternate fuels such as natural gas, diesel and Platt's No. 2 Gulf Coast Oil. The amount we charge our customers for RFO is affected by changes in the U.S. Gulf Coast No. 6—3% oil index, or the 6-oil index, which is an index measuring changes in the price of heavy fuel oil, and also the cost of natural gas. An increase in the 6-oil index generally translates into a higher per gallon price for our RFO. Higher natural gas prices tend to increase demand for our RFO as some of our customers will shift to burning RFO instead of natural gas. Conversely, lower natural gas prices tend to decrease demand for RFO as an alternate fuel source.

- Revenues from oil collection services represent fees from collecting used lubricating oil from automobile and truck dealers, automotive garages, oil change outlets, service stations, industrial plants and other businesses. In the past few years, our revenue from oil collection services has declined as the increase in oil commodity prices has led to the increase in the price of and the demand for used oil. While in the past we charged customers to collect and remove their used oil, most customers now require us to pay them for their used oil. However, we continue to charge customers to collect their used oil in circumstances where such used oil is high in water content or is otherwise of a poor quality. If oil prices drop sufficiently, our revenues from oil collection services may increase.

Industrial Cleaning

- Revenues from parts cleaning services include fees charged to customers to clean and maintain parts washer equipment and remove and replace the used cleaning fluids. Our parts cleaning customers include automotive repair stations, car and truck dealers, engine repair shops, fleet maintenance shops and other automotive, retail and repair and industrial businesses. The majority of the parts washers that we service are owned by us and which we place on our customers' premises, but we also sell parts washer equipment and provide services to customers who own their parts washers. We provide recurring services on these parts washers, with an average service interval for all our customers of 12 weeks. In addition, in fiscal year 2007, approximately 46% of our customers were under contract.

- Revenues from allied products represent sales of products that are offered by us, including our Safety-Kleen branded products, as an addition to our core products and services that are used to meet our customers' cleaning and waste management needs, such as degreasers, glass cleaners, thinners, hand cleaners, floor cleaners, windshield washer fluid, mats, spill kits and absorbents.

Environmental Services

- Revenues from containerized waste services represent fees charged for the removal of waste products that our customers cannot or do not want to dispose of through conventional disposal facilities. Fees vary depending on the type of waste and the respective disposal outlet. Examples of these waste products include paints, inks, used oil filters, gasoline filters, gasoline, brake fluid, fluorescent bulbs, absorbents and other similar waste materials.

- Revenues from vacuum services represent fees charged for the use of our specialized vacuum trucks to remove residual oily water and sludge and other fluids from our customers' oil/water separators, collection tanks and sumps.

- Revenues from total project management represent fees charged for the service of selecting and managing pre-qualified third party contractors to provide service to our customers, such as chemical packing, on-site waste management, remediation, compliance training and emergency spill response.

- Revenues from other services consist of fees charged for handling waste streams associated with bulk shipments, imaging services, dry cleaning services and recovered chemical sales.

Our industrial cleaning and environmental services revenues are affected by competition based primarily on quality of service, price, efficiency, safety and innovative products. We believe our smaller customers are more sensitive to price than the other factors on which we compete. Consequently, while we believe our size and expertise provide advantages to our customers, we can lose customers to competitors who compete primarily on price.

Operating Expenses

Operating expenses consist of direct costs of removing and properly managing disposal of waste products generated by our customers; costs of materials, including used oil, additives used in producing re-refined oil products, allied products and products consumed in our parts cleaning services and waste services; operating salaries and employee-related benefits for operations personnel; transportation costs related to movements of various waste streams by third parties; costs associated with our vehicle service fleet, such as leasing, maintenance, fuel, licenses and permits; utilities and property related costs; and other operating costs, such as insurance, travel, advertising and marketing, general supplies, and equipment rentals.

Our operating expenses are affected by changes in various commodity indices, including crude, natural gas quoted on the New York Mercantile Exchange, or NYMEX, and the 6–oil index. For example, if the price for crude increases, the cost of solvent, additives used in the production of blended oil products, fuel cost for fleet and transportation cost from third party providers will generally increase. Similarly, if the price of crude falls, these costs may also decline. An increase in certain NYMEX-quoted commodity rates will result in an increase in utility expense at our re-refineries and recycling centers because these facilities generally use large quantities of natural gas for fuel.

Our North American network, including our facilities, fleet and personnel, subjects us to high fixed costs, which makes our margins and earnings sensitive to changes in revenues. In periods of declining demand, our high fixed cost structure may limit our ability to reduce costs or may result in reduced operating margins and potentially operating losses.

General and Administrative Expenses

Our general and administrative expenses mainly consist of salaries and other employee-related benefits for our executive, administrative, legal, financial and information technology personnel, as well as outsourced and professional services, rent, utilities, and related expenses at our headquarters, bad debt expense and certain taxes.

We will incur higher general and administrative expenses as a public company after the consummation of this offering. These expenses will include additional accounting and finance expenses, audit fees, legal fees and corporate governance expenses, exchange listing fees, transfer agent and stockholder-related fees, and increased premiums for director and officer liability insurance coverage. We expect that we will incur additional expenses in the range of $1.0 million to $3.0 million annually.

Depreciation and Amortization

Depreciation and amortization represent the estimated decline in the value of our long-lived assets over the period we expect to benefit from the use of such long-lived assets. As discussed above, we emerged from bankruptcy in December 2003 with fresh start accounting. In connection with fresh start accounting, we adjusted the carrying value of our property, plant and equipment to fair value, which resulted in a net increase of $51.7 million. Of the $51.7 million, the net book value of machinery and equipment, vehicles and furniture and fixtures increased $87.6 million and the net book value of buildings and improvements decreased $35.9 million. The shift in depreciable value from assets with longer depreciable lives to assets with shorter depreciable lives significantly increased depreciation expense compared to what it would have been without fresh start accounting. Depreciation expense will remain relatively high until the fresh start accounting increase in value for the shorter depreciable assets is fully depreciated.

Impairment of Long-lived Assets

Impairment of long-lived assets represents the write-down of the carrying value of assets such as property, plant and equipment and other long-lived intangible assets when events indicate the carrying value of the asset may not be recoverable.

Interest Expense

Our interest expense includes interest on our long-term debt and capital lease obligations and amortization of deferred financing costs.

Other Expense (Income)—Net

Other expense (income)—net primarily represents various items, such as gain or loss on disposition of long-lived assets, gains or loss on foreign exchange transaction, interest income and legal settlements.

Income Tax Expense (Benefit)

Income tax expense (benefit) reflects our consolidated tax provision or tax benefit based on our income or loss from operations.

Consolidated Results of Operations

Our fiscal year consists of thirteen 4-week periods ending on the last Saturday of December of each year. Our first quarter consists of four 4-week periods and each quarter thereafter consists of three 4-week periods.

Fiscal Year Ended December 29, 2007 compared to Fiscal Year Ended December 30, 2006

The following table sets forth certain items included in our consolidated statements of operations for the periods indicated. The year-to-year comparisons of financial results are not necessarily indicative of future results.

(dollars in thousands)

	Fiscal Year Ended December 30, 2006	% of Revenues	Fiscal Year Ended December 29, 2007	% of Revenues	$ Change From Prior Fiscal Year
Revenues					
Oil Services and Products					
Oil and oil products	$ 318,080	31.8%	$ 386,268	36.0%	$ 68,188
Oil collection services	35,335	3.5%	27,447	2.6%	(7,888)
Total Oil Services and Products	$ 353,415	35.3%	$ 413,715	38.6%	$ 60,300
Industrial Cleaning					
Parts cleaning services	$ 264,952	26.4%	$ 264,770	24.7%	$ (182)
Allied products	36,388	3.6%	40,948	3.8%	4,560
Total Industrial Cleaning	$ 301,340	30.0%	$ 305,718	28.5%	$ 4,378
Environmental Services					
Containerized waste services	$ 146,820	14.7%	$ 150,626	14.0%	$ 3,806
Vacuum services	70,680	7.1%	75,142	7.0%	4,462
Total project management	55,441	5.5%	57,016	5.3%	1,575
Other services	74,547	7.4%	70,750	6.6%	(3,797)
Total Environmental Services	$ 347,488	34.7%	$ 353,534	32.9%	$ 6,046
Total Revenues	$ 1,002,243	100.0%	$ 1,072,967	100.0%	$ 70,724
Expenses					
Operating	$ 828,461	82.7%	$ 891,768	83.1%	$ 63,307
General and administrative	87,392	8.7%	75,649	7.1%	(11,743)
Depreciation and amortization	77,943	7.8%	68,637	6.4%	(9,306)
Impairment of long-lived assets	1,573	0.1%	—	0.0%	(1,573)
Interest expense	41,260	4.1%	24,683	2.3%	(16,577)
Extinguishment of debt	33,107	3.3%	—	0.0%	(33,107)
Other expense (income)—net	2,146	0.2%	5,140	0.5%	2,994
	$ 1,071,882	106.9%	$ 1,065,877	99.4%	$ (6,005)
Income (loss) before income taxes	(69,639)	(6.9)%	7,090	0.6%	76,729
Income tax expense	(3,728)	(0.4)%	(2,598)	(0.2)%	1,130
Net income (loss)	$ (73,367)	(7.3)%	$ 4,492	0.4%	$ 77,859

Revenues

Revenues for fiscal year 2007 increased $70.8 million, or 7.1%, to $1,073.0 million from $1,002.2 million for fiscal 2006, primarily due to volumes, prices and the effects of a weaker U.S. dollar ($5.5 million) compared to the Canadian dollar. Our oil services and products contributed $60.3 million, or 85.2%, of the increase from fiscal year 2006 to fiscal year 2007, resulting from a $68.2 million increase in oil and oil products revenues, which was partially offset by a $7.9 million decrease in oil collection services revenue. This increase in oil and oil products revenues was due to increased product pricing ($26.0 million) and increased sales volumes ($42.2 million). The increase in

product pricing was a result of an overall average increase in ICIS-LOR rates and the 6-oil index in fiscal year 2007 compared to fiscal year 2006. Sales volumes increased, in part, as a result of our efforts to continue to maximize our production capabilities at our re-refineries which allowed us to produce and thus sell more of our base and blended lubricating products in fiscal year 2007 as compared to fiscal year 2006. Sales volumes also increased due to an increase in RFO sales in fiscal year 2007 as compared to fiscal year 2006 primarily as a result of our acquisition of Jacobus Environmental, or Jacobus. In December 2006, we acquired certain assets of Jacobus, an oil collection company, which provided additional logistics assets and the capability to collect increased volumes of used oil in Wisconsin, Minnesota, Wyoming, South Dakota, Nebraska and Iowa. We expect our acquisition of certain assets of Advanced and United in December 2007 to contribute to our RFO sales in fiscal year 2008. The effects of a weaker U.S. dollar compared to the Canadian dollar contributed $3.4 million to our oil and oil products revenues, which are included in the above noted variances. The decrease in oil collection services revenues was the result of more of our customers who previously paid us to collect their used oil now requiring us to pay them for their used oil.

Due to our increased selling and marketing efforts, we have been successful in reducing our market share loss in the parts cleaning market from the higher levels of losses in previous years. As a result, in fiscal year 2007, we experienced only a slight decrease in parts cleaning services revenues. Due to sales initiatives and the introduction of new products, we increased our allied products revenues by $4.6 million in fiscal year 2007. Our environmental services revenues increased $6.0 million in fiscal year 2007 as a result of revenue increases of $4.5 million in vacuum services and $3.8 million in containerized waste services. Increased volumes and prices contributed to the increase in vacuum services revenues, while increased volume was the primary reason for the containerized waste services revenues increase. These increases were partially offset by a decrease of $3.0 million in imaging services due to lower volumes as consumers migrate from film photography to digital photography.

Operating Expenses

Operating expenses for fiscal year 2007 increased $63.3 million, or 7.6%, to $891.8 million from $828.5 million for fiscal year 2006. Due to the overall increase in average oil commodity prices in fiscal year 2007 compared to fiscal year 2006, our costs associated with oil and oil products contributed approximately $41.8 million, or 66.0%, of the increase in operating expenses. As the price of oil increased during fiscal year 2007, we also experienced an increase in fuel costs of $1.8 million in our internal fleet and transportation costs. Operating salaries and employee-related benefits increased $12.0 million in fiscal year 2007 compared to fiscal year 2006, primarily due to annual merit increases and increased head count. The labor and benefit increases noted above were partially offset by a decrease in management incentive compensation. Further contributing to the increase in operating expenses was a $2.8 million increase in our internal fleet costs, primarily resulting from increased use of our internal fleet along with costs to maintain our older vehicles. We have continued to either replace or supplement our older fleet vehicles with newer vehicles. We have added approximately $37.5 million in new vehicles since the beginning of fiscal year 2006. The effects of a weaker U.S. dollar compared to the Canadian dollar unfavorably impacted operating expenses by $5.5 million in fiscal year 2007, the effects of which are included in the above noted variances. These increases were partially offset by a $4.7 million decrease in our insurance costs due to renegotiated rates and a reduction in premiums resulting from an increase in some of our self-insurance retention amounts.

General and Administrative Expenses

General and administrative expenses for fiscal year 2007 decreased $11.8 million, or 13.4%, to $75.6 million from $87.4 million for fiscal year 2006. The decrease was primarily attributable to lower professional and outsourced services as a result of management's continued effort to control these costs, which included terminating a contract with a third-party information technology service provider during fiscal year 2006. Further contributing to the decrease in general and administrative expenses was a $3.8 million decrease in management incentive compensation.

Depreciation and Amortization

Depreciation and amortization expense for fiscal year 2007 decreased $9.3 million to $68.6 million from $77.9 million for fiscal year 2006. The decrease was attributable primarily due to property, plant and equipment that reached the end of their respective useful lives, partially offset by increased capital investment.

Interest Expense

Interest expense for fiscal year 2007 decreased $16.6 million to $24.7 million from $41.3 million for fiscal year 2006. The decrease was attributed primarily to lower average balances outstanding on our long-term debt and lower average interest rates as a result of our recapitalization in August 2006. Our weighted average effective interest rates for fiscal years 2007 and 2006 were 7.4% and 10.6%, respectively. See further discussions of our outstanding indebtedness below within "—Liquidity and Capital Resources" and our interest rate swap agreement within "—Quantitative and Qualitative Disclosures about Market Risk."

Other Expense (Income)—Net

Other expense (income)-net for fiscal year 2007 increased $3.0 million to $5.1 million of other expense from $2.1 million for fiscal year 2006. The increase in other expense was driven by the negative effects of foreign exchange rates as the Canadian dollar continued to strengthen against the U.S. dollar during fiscal year 2007 and $3.6 million of income from the resolution of certain bankruptcy matters in fiscal year 2006. In fiscal years 2007 and 2006, we recognized losses on dispositions of property, plant and equipment of $3.4 million and $3.2 million, respectively. In fiscal year 2006, we had termination costs of $5.5 million related to a third-party information technology provider.

Income Tax Expense

Income tax expense for fiscal year 2007 decreased $1.1 million to $2.6 million from $3.7 million for fiscal year 2006. Our effective income tax rates in fiscal years 2007 and 2006 were 36.6% and 5.4%, respectively. The primary difference between our effective rate and the statutory federal tax rate of 35% was our valuation allowance reducing our net deferred tax assets. We periodically evaluate the positive and negative evidence of our net deferred tax assets to determine if it is more likely than not that the net deferred tax assets will be realized. Based on this evaluation, we determined that it is more likely than not that our net deferred tax assets as of December 29, 2007 will not be realized. Our fiscal year 2007 income tax expense was offset by interest income from favorable settlements with the Internal Revenue Service that we record within income tax expense.

Fiscal Year Ended December 30, 2006 compared to Fiscal Year Ended December 31, 2005

The following table sets forth certain items included in our consolidated statements of operations for the periods indicated. The year-to-year comparisons of financial results are not necessarily indicative of future results.

(dollars in thousands)

	Fiscal Year Ended December 31, 2005	% of Revenues	Fiscal Year Ended December 30, 2006	% of Revenues	$ Change from Prior Fiscal Year
Revenues					
Oil Services and Products					
Oil and oil products	$ 237,773	25.7%	$ 318,080	31.8%	$ 80,307
Oil collection services	42,363	4.6%	35,335	3.5%	(7,028)
Total Oil Services and Products	$ 280,136	30.3%	$ 353,415	35.3%	$ 73,279
Industrial Cleaning					
Parts cleaning services	$ 270,183	29.2%	$ 264,952	26.4%	$ (5,231)
Allied products	31,650	3.4%	36,388	3.6%	4,738
Total Industrial Cleaning	$ 301,833	32.6%	$ 301,340	30.0%	$ (493)
Environmental Services					
Containerized waste services	$ 151,738	16.4%	$ 146,820	14.7%	$ (4,918)
Vacuum services	67,570	7.3%	70,680	7.1%	3,110
Total project management	51,985	5.6%	55,441	5.5%	3,456
Other services	71,849	7.8%	74,547	7.4%	2,698
Total Environmental Services	$ 343,142	37.1%	$ 347,488	34.7%	$ 4,346
Total Revenues	$ 925,111	100.0%	$ 1,002,243	100.0%	$ 77,132
Expenses					
Operating	$ 773,037	83.6%	$ 828,461	82.7%	$ 55,424
General and administrative	95,644	10.3%	87,392	8.7%	(8,252)
Depreciation and amortization	77,543	8.4%	77,943	7.8%	400
Impairment of long-lived assets	26,176	2.8%	1,573	0.1%	(24,603)
Interest expense	59,226	6.4%	41,260	4.1%	(17,966)
Extinguishment of debt	16,548	1.8%	33,107	3.3%	16,559
Other expense (income)—net	(1,840)	(0.2)%	2,146	0.2%	3,986
	$ 1,046,334	113.1%	$ 1,071,882	106.9%	$ 25,548
Loss before income taxes	(121,223)	(13.1)%	(69,639)	(6.9)%	51,584
Income tax expense	(2,643)	(0.3)%	(3,728)	(0.4)%	(1,085)
Net loss	$ (123,866)	(13.4)%	$ (73,367)	(7.3)%	$ 50,499

Revenues

Revenues for fiscal year 2006 increased $77.1 million, or 8.3%, to $1,002.2 million from $925.1 million for fiscal year 2005, primarily due to volumes, prices and the effects of a weaker U.S. dollar ($7.3 million) compared to the Canadian dollar. Our oil services and products contributed $73.3 million, or 95.0%, of the increase from fiscal year 2005 to fiscal year 2006 resulting from an $80.3 million increase in oil and oil products revenues. The increase in oil and oil product revenues was driven by increased product pricing ($79.7 million) as a result of overall average increases in ICIS-LOR rates and the 6-oil index in fiscal year 2006 compared to fiscal year 2005. The positive impact was partially offset by a $7.0 million decrease in oil collection services revenues. The effects of a weaker U.S. dollar contributed $4.2 million to our oil and oil products revenue, which are included in the above noted variances. As the overall price of oil increased, more of our customers who previously paid us to collect their used oil required us to pay them for their used oil, resulting in a decrease in oil collection service revenue. During fiscal year 2006, we experienced a $5.2 million decrease in parts cleaning services revenues as a result of a loss in market share due to increased competition, which was partially offset by a $4.7 million increase in the sale of allied products as a result of an increase in both prices and sales volumes. Our environmental services revenues increased $4.3 million in fiscal year 2006 as a result of revenue increases of $3.1 million in vacuum services and $3.5 million in total project management. Price increases were the main factor for the increase in revenue for vacuum and total project management services for fiscal year 2006 compared to fiscal year 2005. These increases were partially offset by decreases of $4.9 million in containerized waste services revenues, which was due to eliminating customers priced at unfavorable rates.

Operating Expenses

Operating expenses for fiscal year 2006 increased $55.5 million, or 7.2%, to $828.5 million from $773.0 million for fiscal year 2005. Due to the overall increase in average oil commodity prices in fiscal year 2006 compared to fiscal year 2005, our costs associated with oil and oil products contributed approximately $36.0 million, or 65.0%, of the increase in operating expenses. As the price of oil increased during fiscal year 2006, we also experienced an increase in fuel costs of $4.5 million in our internal fleet and transportation costs. Operating salaries and employee-related benefits increased $8.4 million in fiscal year 2006 compared to fiscal year 2005, primarily due to increased incentive compensation attributable to our improved performance and annual merit increases. Further contributing to the increase in operating expense was $8.5 million related to changes in our environmental liabilities. In fiscal year 2005, we reduced our environmental exposure by approximately $5.0 million, primarily as a result of receiving approval from the Canadian Ministry of the Environment for our remedial action plan for our re-refinery in Breslau, Ontario. In fiscal year 2006, we recognized approximately $3.5 million of additional expense primarily related to various new matters and updates to our existing environmental exposure due to monitoring results and regulatory plan approvals. The effects of a weaker U.S. dollar compared to the Canadian dollar unfavorably impacted operating expenses by $7.0 million in fiscal year 2006, the effects of which are included in the above noted variances. These increases were partially offset by a $4.1 million decrease in our utility costs in fiscal year 2006 compared to fiscal year 2005, which was primarily due to the fact that our re-refining and recycling processes use a significant amount of natural gas, and the cost of natural gas significantly decreased in fiscal year 2006.

General and Administrative Expenses

General and administrative expenses for fiscal year 2006 decreased $8.2 million, or 8.6%, to $87.4 million from $95.6 million for fiscal year 2005. The decrease was primarily attributable to lower professional and outsourced services as a result of management's continued effort to control these costs. In late 2005, we renewed our major lines of insurance coverage, resulting in a $2.9 million decrease in general and administrative expenses in fiscal year 2006. The decreases were partially offset by an increase of $2.4 million in salaries and employee related benefits, primarily due to higher incentive compensation as a result of our improved performance in fiscal year 2006 and merit increases.

Depreciation and Amortization

Depreciation and amortization expense for fiscal year 2006 increased slightly to $77.9 million from $77.5 million for fiscal year 2005. The increase was attributable primarily to increased capital investment of approximately $39.3 million, primarily in our parts cleaner equipment and our internal fleet, partially offset by property, plant and equipment that reached the end of their respective useful lives. In fiscal year 2006, we reduced the estimated useful life and estimated salvage value of our parts washer service machines from an average useful life of 4.5 years to 4 years. The change in estimated useful life was due to changes in machine sourcing and an analysis of machine retention rates that resulted in an increase in depreciation and amortization expense of $3.2 million in fiscal year 2006.

Impairment of Long-Lived Assets

Impairment of long-lived assets for fiscal year 2006 decreased $24.6 million to $1.6 million from $26.2 million for fiscal year 2005. The decrease was attributable primarily to our decision in fiscal year 2005 to terminate the implementation of certain operating software.

Interest Expense

Interest expense for fiscal year 2006 decreased $17.9 million to $41.3 million from $59.2 million for fiscal year 2005. The decrease was attributed primarily to lower average balances outstanding on our long-term debt and lower average interest rates as a result of our 2006 recapitalization. Our weighted average effective interest rates for fiscal years 2006 and 2005 were 10.6% and 12.5%, respectively. See further discussions of our outstanding indebtedness below within "—Liquidity and Capital Resources" and our interest rate swap agreement within "—Quantitative and Qualitative Disclosures about Market Risk."

Extinguishment of Debt

Extinguishment of debt for fiscal year 2006 increased $16.6 million to $33.1 million from $16.5 million for fiscal year 2005. In August 2006, we completed a recapitalization resulting in the repayment of existing indebtedness. The extinguishment of debt primarily relates to prepayment penalties and write-off of unamortized discount and debt issuance costs related to our then existing indebtedness. In our April 2005 recapitalization, we refinanced our existing credit facility resulting in an extinguishment of debt, primarily related to prepayment penalties.

Other Expense (Income)—Net

We recognized $2.1 million of other expenses in fiscal year 2006 as compared to $1.8 million of other income that we recognized during fiscal year 2005. This change was primarily attributable to $5.6 million of gains from legal settlements in fiscal year 2005 that did not occur in fiscal year 2006. For a further discussion of our legal settlements, see Note 13 to our consolidated financial statements. In fiscal year 2006, we recognized $3.6 million of income from the resolution of certain bankruptcy matters and $5.5 million of termination costs related to a third-party information technology provider. We had neither of these items in fiscal year 2005. In fiscal years 2006 and 2005, we recognized losses on dispositions of property, plant and equipment of $3.2 million and $3.6 million, respectively.

Income Tax Expense

Income tax expense for fiscal year 2006 increased $1.1 million to $3.7 million from $2.6 million for fiscal year 2005. Our effective income tax rates in 2006 and 2005 were 5.4% and 2.2%, respectively. The primary difference between our effective rate and the statutory federal tax rate of 35% was our valuation allowance reducing our net deferred tax assets. We periodically evaluate the positive and negative evidence of our net deferred tax assets to determine if it is more likely than not that the net deferred tax assets will be realized. Based on this evaluation, we determined that it was more likely than not that our net deferred tax assets will not be realized.

Geographic Operations

We provide our services primarily in the United States, Puerto Rico and Canada. Revenues are classified according to the country in which products and services are sold. For fiscal year 2007, we derived approximately $948.7 million, or 88.4%, of revenues from customers located in the United States and Puerto Rico and approximately $124.3 million, or 11.6%, of revenues from customers located in Canada. For fiscal year 2006, we derived approximately $887.2 million, or 88.5%, of revenues from customers located in the United States and Puerto Rico and approximately $115.0 million, or 11.5%, of revenues from customers located in Canada. For fiscal year 2005, we derived approximately $822.9 million, or 89.0%, of revenues from customers located in the United States and Puerto Rico and approximately $102.2 million, or 11.0%, of revenues from customers located in Canada. The increases in our revenues in Canada are primarily due to increased sales of oil and oil products as previously discussed.

As of December 29, 2007, we had property, plant and equipment, net of $337.1 million and permits and other intangible assets, net of $118.8 million. Of these totals, $50.6 million, or 15.0%, of property, plant and equipment, net and $4.0 million, or 3.4%, of permits and other intangible assets, net were in Canada, with the balance being in the United States and Puerto Rico (except for immaterial assets in Mexico). As of December 30, 2006, we had property, plant and equipment, net of $332.8 million, and permits and other intangible assets, net of $99.6 million. Of these totals, $39.9 million, or 12.0%, of property, plant and equipment, net and $3.5 million, or 3.5%, of permits and other intangible assets, net were in Canada, with the balance in the United States and Puerto Rico.

Liquidity and Capital Resources

Cash Balance and Other Liquidity

As of December 29, 2007 and December 30, 2006, we had debt, net of cash and cash equivalents, of $275.5 million and $252.5 million, respectively. As of December 29, 2007 and December 30, 2006, we had positive working capital balances of $44.9 million and $39.6 million, respectively.

Contributing to our liquidity in fiscal year 2006 were income tax refunds and proceeds from legal settlements of $27.2 million. We do not expect to rely on future income tax refunds or legal settlements to fund our liquidity needs. See further discussion of our income tax refunds and legal settlements in Notes 9 and 13, respectively, to our consolidated financial statements included elsewhere in this prospectus. Historically, we have funded our capital and liquidity needs through operating cash flows, available cash and borrowings under our credit facility. As part of our credit facility, we have a $100.0 million revolving credit facility, with $83.6 million available for additional borrowing as of December 29, 2007.

As of December 29, 2007, we had total NOLs of approximately $275.1 million that we anticipate that we may be able to use, subject to certain limitations, to reduce our future taxable income. We determined that we incurred an ownership change for tax purposes in October 2005. As a result, the U.S. NOLs incurred prior to that date of $211.0 million are subject to annual limitations under the Internal Revenue Code Section 382. We may incur further ownership changes, including as a result of this offering. Accordingly, our ability to utilize our NOLs is limited and may become subject to further limitations in the future.

After giving effect to this offering, we will have approximately $ million of cash and cash equivalents. As of December 29, 2007, we had $278.3 million of outstanding indebtedness and $83.6 million available for additional borrowing under our revolver. In addition, we have the ability to increase the maximum amount of borrowings under our credit facility by up to an additional $100.0 million in the aggregate if certain conditions are satisfied, including that no default has occurred and is continuing and that the current or new lenders agree to extend additional credit to us. As discussed in more detail below, our management believes that our operating cash flows, cash and cash equivalents, borrowing capacity under our revolver as well as the proceeds from this offering will be sufficient to fund our capital and liquidity needs for the foreseeable future.

The following table shows the changes in our net cash and cash equivalents for the periods indicated.

	Fiscal Years Ended		
	December 31, 2005	December 30, 2006	December 29, 2007
		(in thousands)	
Net cash provided by operating activities	$ 17,201	$ 92,868	$ 66,269
Net cash used in investing activities	(29,580)	(38,557)	(78,021)
Net cash provided by (used in) financing activities	9,427	(53,428)	10,582
Effect of exchange rate changes on cash and cash equivalents	241	(247)	1,249
Net change in cash and cash equivalents	$ (2,711)	$ 636	$ 79

Cash Flows

Operating Activities

Net cash provided by operating activities decreased $26.6 million from $92.9 million in fiscal year 2006 to $66.3 million in fiscal year 2007. The decrease was primarily attributable to tax refunds and legal settlements of $27.2 million we received in 2006. There were no such items received in fiscal year 2007. The decrease was partially offset by improved earnings in 2007. Included in our fiscal year 2007 net income of $4.5 million were non-cash items of $84.1 million, the most significant of which were depreciation and amortization expense of $68.6 million. Included in our fiscal year 2006 net loss of $73.4 million was the loss on extinguishment of debt of $33.1 million due to the refinancing of our indebtedness as well as non-cash items of $107.8 million, the most significant of which were depreciation and amortization expense of $77.9 million and non-cash interest expense of $16.0 million.

Net cash provided by operating activities increased $75.7 million from $17.2 million in fiscal year 2005 to $92.9 million in fiscal year 2006. The increase was primarily attributable to improvement in earnings. Included in our fiscal year 2006 net loss of $73.4 million was the loss on extinguishment of debt of $33.1 million due to the refinancing of our indebtedness as well as non-cash items of $107.8 million, the most significant of which were depreciation and amortization expense of $77.9 million and non-cash interest expense of $16.0 million. Included in our fiscal year 2005 net loss of $123.9 million was the loss on extinguishment of debt of $16.5 million as well as non-cash items of $135.3 million, the most significant of which were depreciation and amortization expense of $77.5 million, non-cash interest expense of $27.2 million and impairment of long-lived assets of $26.2 million. Further contributing to our operating cash flows were tax refunds and legal settlements of $27.2 million in fiscal year 2006 compared to $11.7 million in fiscal year 2005.

Investing Activities

Cash used in investing activities was $78.0 million, $38.6 million and $29.6 million in fiscal years 2007, 2006 and 2005, respectively. The increase from fiscal year 2006 to fiscal year 2007 was attributable to increased capital expenditures and larger acquisitions. Our investing activities consist primarily of capital expenditures and acquisitions. We fund capital expenditures to modernize and upgrade our internal fleet, facilities and our parts washer equipment. Capital expenditures for the fiscal years 2007, 2006 and 2005 were $39.4 million, $25.6 million and $35.5 million, respectively. We expect to continue our efforts to modernize and upgrade our internal fleet, facilities and parts washer equipment. As such, we expect capital spending in fiscal year 2008 to be approximately $75.0 million. As part of our fiscal year 2008 capital spending, we expect to spend approximately $25.0 million to expand our two re-refineries, allowing us to increase the production of our oil and oil products.

In the fourth quarter of fiscal year 2007, we acquired certain assets and assumed certain liabilities of Advanced, United and certain affiliates of Advanced and United for $38.6 million. We made this acquisition to further our presence in the Northeastern region of the United States and to significantly expand our used oil operations. The acquisition included oil collection facilities in Connecticut, Rhode Island and New Hampshire. Also, in the first quarter of fiscal year 2007, we acquired Active Chemicals LTD, a Canadian company, for $3.6 million. In fiscal year 2006, we also made three acquisitions that totaled $20.2 million, the most significant of which was our acquisition of certain assets and the assumption of certain liabilities of Jacobus. This acquisition allowed us to expand our presence in the upper Midwestern region of the United States. The acquisition included oil collection facilities in Minnesota, Wisconsin and Wyoming.

Cash used in investing activities was partially offset by proceeds received from dispositions of property, plant and equipment in fiscal years 2007, 2006 and 2005 of approximately $1.0 million, $4.2 million and $5.0 million, respectively.

Financing Activities

Cash provided by financing activities was $10.6 million in fiscal year 2007 and $9.4 million in fiscal year 2005. Cash used in financing activities was $53.4 million in fiscal year 2006. These changes in cash flows were principally due to net incremental borrowings of $10.4 million in fiscal year 2007 and $37.6 million in fiscal year 2005 and net incremental repayments of long-term debt and capital lease obligations of $129.5 million in fiscal year 2006 in connection with our recapitalization and refinancing our credit facility.

In fiscal years 2006 and 2005, we completed refinancings of our existing indebtedness resulting in prepayment penalties of $3.8 million and $15.3 million, respectively, and payment of other related costs of $4.3 million and $13.0 million, respectively. Furthermore, in fiscal year 2006, we completed a rights offering of 9.1 million shares of our common stock for proceeds, net of offering costs, of $96.6 million. Concurrent with the 2006 refinancing and rights offerings, we redeemed all outstanding preferred stock for $10.0 million and paid $2.5 million of cumulative dividends in arrears.

Financial Assurance Requirements

As of December 29, 2007 and December 30, 2006, we provided financial assurances in the form of insurance policies and performance bonds to the applicable regulatory authorities and also provided letters of credit to our financial assurance providers totaling approximately $21.8 million and $21.3 million, respectively. As a result of our improved financial performance, we have been able to negotiate reductions in the collateral requirements related to our closure and post-closure financial assurance.

Outstanding Debt and Existing Financing Arrangements

In August 2006, we entered into a credit facility consisting of a $100.0 million revolving credit facility, or the revolver, a $230.0 million term loan and a $65.0 million pre-funded letter of credit facility, or the pre-funded L/C facility. In early 2007, we reduced the pre-funded L/C facility to $60.0 million. As of December 29, 2007, $16.4 million was outstanding under the revolver, $227.7 million was outstanding under the term loan and $54.3 million was outstanding under the pre-funded L/C facility. In addition, we are able to increase the maximum amount of borrowing capacity under our credit facility by up to an additional $100.0 million in the aggregate if certain conditions are met (including the agreement of current or new lenders to extend additional credit to us). In addition, as of December 29, 2007, we had $34.2 million of outstanding capital lease obligations.

Safety-Kleen Systems, Inc., our subsidiary through which we conduct most of our operations, is the borrower under the credit facility. We, together with all of our direct and indirect domestic subsidiaries are guarantors of the credit facility. The lenders are a syndicate of banks, financial institutions and other entities, including JPMorgan Chase Bank, National Association, or JPMCB, who also acts as administrative agent.

Revolver. The revolver matures on August 3, 2012 and allows us to borrow up to $100.0 million. A portion of the revolver, not in excess of $30.0 million, is available for the issuance of letters of credit. A portion of the revolver, not in excess of $15.0 million, is available for swing line loans. The interest rate payable for loans under the revolver is either the base rate, or prime, plus 0.75% to 1.5% per annum, or LIBOR plus 1.75% to 2.50% per annum, depending on our leverage ratio (as discussed below) as of the end of our last fiscal quarter, and the fees charged for letters of credit issued under the revolver will be equal to the margin charged on LIBOR loans. As of December 29, 2007, the margin was 1.75% on LIBOR loans and 0.75% on prime loans. As of December 29, 2007, the interest rate on the outstanding loan balance was 8.00%.

Pre-funded L/C Facility. In addition to letters of credit issued under the revolver, we are able to issue up to $60.0 million of letters of credit under the pre-funded L/C facility. In February 2007, we reduced our letter of credit facility to $60.0 million from $65.0 million. The pre-funded L/C facility expires on August 2, 2013, and no letter of credit issued under the pre-funded L/C facility will have an expiration date after the earlier of (a) one year after the date of issuance and (b) five business days prior to this maturity date. The letters of credit issued under the pre-funded L/C facility will be secured by amounts pledged by lenders under the pre-funded L/C facility. If a letter of credit is drawn and not reimbursed, such amounts will become loans under the credit facility, or the L/C loans. The L/C facility LIBOR loans will bear interest at a rate per annum of LIBOR plus 2.50%. As of December 29, 2007, $54.3 million of letters of credit have been issued under this facility. We are charged a fee of approximately 2.65% per annum for the letters of credit issued under the pre-funded L/C facility.

Term Loan. The term loan is in the amount of $230.0 million, the entire amount of which was advanced on the closing date of the credit facility. The term loan matures on August 2, 2013. The principal amount of the term loan is repayable in quarterly installments as follows: (a) quarterly installments beginning January 2, 2007, each in an amount equal to 0.25% of the original principal of the term loan (or $575,000) and (b) a final installment due on the maturity date in the amount equal to the principal amount of the term loan then outstanding. The term loans borrowed at LIBOR bear interest at a rate per annum equal to LIBOR plus 2.50%, and the term loans borrowed at the base rate bear interest at a rate per annum equal to the base rate plus 1.50%. As of December 29, 2007, $227.7 million of the term loan was outstanding at a weighted average interest rate of 7.24%.

Expansion Feature. The credit facility includes a provision permitting us from time to time to increase the amount of one or more of the commitments under the credit facility by up to an aggregate amount for all such increases equal to $100.0 million, provided that certain conditions are met including that no default has occurred and is continuing and that the current or new lenders agree to extend additional credit to us.

Collateral. The borrower and each guarantor granted a first priority lien on substantially all of their respective assets, including stock of subsidiaries, but specifically excluding: (a) 35% of the voting stock of foreign subsidiaries, (b) any assets located outside of the United States, (c) all vehicles and other rolling stock, (d) all leasehold real property interests and (e) certain fee owned real property.

Fees. We pay certain fees with respect to the loans under the credit facility, including: (i) in respect of the revolver, a commitment fee for unused amounts ranging from 0.25% to 0.50% based on our leverage ratio (which at December 29, 2007, was 0.25%); and (ii) customary annual administration fees.

Certain Ratio Covenants. We are currently required by our credit facility to maintain an interest coverage ratio of at least 2.5 to 1.0, which will increase to 3.0 to 1.0 beginning in fiscal year 2009. The interest coverage ratio is calculated as the ratio of our Adjusted EBITDA to cash interest expense for the four prior fiscal quarters. For fiscal year 2007, our interest coverage ratio was 5.1 to 1.0. In addition, we are required to maintain a leverage ratio of no more than 4.5 to 1.0. The leverage ratio is the ratio of our Consolidated Indebtedness (as defined in our credit facility) to our Adjusted EBITDA for the four prior fiscal quarters and, for purposes of this calculation, after giving pro forma effect to any acquisitions and dispositions that have occurred during such period. As of December 29, 2007, we were in compliance with our maximum leverage ratio covenant. For a discussion of the calculation of Adjusted EBITDA see "Selected Historical Financial and Operating Data" and "Description of Senior Secured Credit Facility." Under the credit facility, our leverage ratio is also used to determine the applicable interest rate margin for borrowings under the revolver. Our credit facility also limits the amount of capital expenditures we may make in any fiscal year but allows us to make certain adjustments in the calculation of capital expenditures for purposes of determining compliance with this limitation. One such adjustment allows us to exclude any expenditures related to the purchase of parts washing equipment. Under our credit facility, our annual capital expenditures cannot exceed a maximum of $40.0 million for fiscal year 2007 and $50.0 million for fiscal year 2008 and future fiscal years, plus the amounts carried over from prior fiscal years when our capital expenditures in any year were less than the limit under our credit facility. Our annual capital expenditures as adjusted per our credit facility in fiscal year 2007 were $32.9 million and we were able to carry over $17.1 million into fiscal year 2008 resulting in a capital expenditure limit of $67.1 million for fiscal year 2008.

Interest Rate Hedge. We have hedged our interest rate exposure with respect to $100.0 million of indebtedness under the term loan by entering into a fixed rate interest rate swap agreement with a notional amount of $100.0 million, which fixes our LIBOR interest rate at 4.09%. This agreement expires in May 2008.

Regulatory Matters

Our operations are regulated by federal, state, provincial and local laws that protect the environment and govern the management of hazardous and non-hazardous materials. Our environmental costs and liabilities can be broadly divided into three categories: (i) remediation liabilities for clean-up work that we must perform related to historic site conditions; (ii) liabilities related to potential closure and post-closure costs of existing facilities including asset retirement obligations; and (iii) liability under Superfund or equivalent state statutes related to off-site disposal or releases of hazardous wastes. We believe our environmental costs and liabilities are well-understood and manageable and that our internal environmental controls and extensive experience in the hazardous waste market help mitigate our exposure to future liabilities. The most significant portion of our environmental liabilities relate to remediation obligations at sites where historic site conditions are required to be addressed.

Our accrual for environmental liabilities represents the current estimate of the actual costs to be incurred to complete the remediation of open sites, perform the actions required to receive regulatory certification of closure at sites that are no longer operating and the cost of settling Superfund and Superfund-type cases brought against us. We have recorded environmental liabilities of approximately $58.7 million as of December 29, 2007, of which $3.3 million is included in accrued other liabilities in the consolidated balance sheets as liabilities related to assets held for sale. The $3.3 million of liabilities related to assets held for sale relate to Hebron, Ohio and Chicago, Illinois facilities, which were sold on March 21, 2008.

Remediation Liabilities

We have remediation liabilities at 49 sites for which we have recorded an aggregate of $38.6 million of remediation reserves as of December 29, 2007. We believe that the environmental costs are well understood and manageable at all of these sites. Our remediation liability is concentrated at six sites: Breslau, Ontario; Linden, New Jersey; New Castle, Kentucky; Hebron, Ohio; Reedley, California; and Duluth, Minnesota. The estimated liabilities related to these sites constitute $30.8 million of our total remediation reserves and Breslau and Linden constitute $23.2 million of those liabilities. The remaining 43 sites comprise in the aggregate approximately $7.8 million of our total remediation reserves, of which no one site is greater than $0.8 million. On March 21, 2008, we sold our containerized dry cleaning and wastewater treatment facility in Hebron, Ohio to Clean Harbors, with Clean Harbors agreeing to assume the remediation liabilities of $3.3 million associated with such site.

Liabilities Related to Closure Costs of Existing Facilities

Our operating permits, which allow our branches, recycling centers, used oil terminals and re-refineries to collect and recycle various hazardous and non-hazardous waste streams and oil products, require us to perform certain closure activities in order to achieve certified closure. These closure activities required by the regulations must be accrued as a liability. Our closure reserve for inactive sites was approximately $8.4 million as of December 29, 2007, while the closure reserve for active sites was approximately $0.1 million. Also included in closure costs are legal obligations to perform certain asset retirement activities. We have obligations of $9.2 million associated with such retirement activities as of December 29, 2007, of which $0.1 million is included in the above $9.2 million related to assets held for sale.

Superfund

Our Superfund liability is primarily the result of our historical use of third party disposal vendors whose operations became Superfund sites, for which we have recorded a liability of $2.4 million as of December 29, 2007. Superfund imposes strict, and in some cases joint and several, liability on potentially responsible parties, or a PRP, that may have shipped waste to a Superfund site. As of December 29, 2007, we were considered a PRP at 23 active Superfund sites, of which we have recorded a liability on our balance sheet related to 14 sites. Of the remaining nine sites, we have a third party indemnification for liabilities related to four sites, the liabilities of which were retained by McKesson pursuant to a March 31, 1987 Sale Agreement between McKesson and our predecessor company. Additionally, there are five sites where we cannot reasonably estimate any liability. As an inherent part of the hazardous waste business, we expect to continue the historical trend of being named as a PRP at approximately three to five additional Superfund sites each year.

We believe our extensive experience in the environmental services business, as well as our involvement with a large number of sites, provides a reasonable basis for estimating our aggregate liability. We periodically review and evaluate sites requiring remediation, including Superfund sites, giving consideration to the nature of our alleged connection with the site; the regulatory context surrounding the site; the accuracy and strength of evidence connecting us to the site; the number, connection and financial ability of other named and unnamed PRPs; and the nature and estimated cost of the likely remedy. When we conclude that it is probable that a liability has been incurred and the liability is reasonably estimable, provision is made in the consolidated financial statements based upon management's judgment and prior experience for our best estimate of the liability. Such estimates, which are inherently subject to change, are subsequently revised if and when additional information becomes available.

Contractual and Other Obligations

The following table summarizes our contractual and other obligations at December 29, 2007, and the effect such obligations are expected to have on liquidity and cash flow in future periods:

	Payments Due by Period				
	Total	Fiscal Year 2008	Fiscal Years 2009-2010	Fiscal Years 2011-2012	Thereafter
			(in thousands)		
Environmental liabilities(1)	$ 105,955	$ 10,230	$ 9,840	$ 9,071	$ 76,814
Long-term debt obligations(2)	344,584	37,027	40,754	39,991	226,812
Capital lease obligations	42,712	6,833	14,027	15,400	6,452
Operating lease obligations	72,568	17,820	27,764	18,308	8,676
Purchase obligations(3)	57,513	42,355	15,158	—	—
Other obligations(4)	11,241	8,992	2,249	—	—
Total contractual and other cash obligations (5)	$ 634,573	$ 123,257	$ 109,792	$ 82,770	$ 318,754

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(1) Included in environmental liabilities are asset retirement obligations, or AROs. AROs represent our legal obligations associated with the retirement of tangible long-lived assets. Our AROs increase over time to the expected disposal date, which is 16 years, on average. We have included the amount we expect to pay at the expected disposal date, which was $56.4 million at December 29, 2007. As of December 29, 2007, the present value of this amount that is included in our consolidated balance sheet was $9.1 million. See further discussion in Notes 2 and 10 to our audited consolidated financial statements included elsewhere in this prospectus. In March 2008, we completed the sale of our containerized dry cleaning and wastewater treatment facility in Hebron, Ohio and our recycling facility in Chicago, Illinois to Clean Harbors, including the respective environmental liabilities associated with such sites of $3.3 million, which is included in the above table in fiscal year 2008. In connection with the sale, we agreed to deliver standard waste to Clean Harbors over a period of two years at a cost to us of $9.0 million, which is not included in the table above. We expect to incur $3.4 million of this cost in fiscal year 2008 and $5.6 million in fiscal years 2009-2010.

(2) The long-term debt obligations represent our cash debt service obligations, including both principal and interest. In determining our long-term debt obligations on our variable interest rate debt, we used our weighted average interest rate of 7.24% as of December 29, 2007.

(3) Our purchase obligations represent expected payments to third party service providers and other commitments entered into in the normal course of our business.

(4) Other obligations represent our officers' salaries under employment agreements and our self-insurance reserve for workers compensation, general liability (including product liability) and automobile liability. Although we estimate paying claims of $6.7 million in fiscal year 2008, we cannot determine the time period of future payments. As of December 29, 2007, we had $16.1 million of self-insurance reserves included in other long-term liabilities in the consolidated balance sheets.

(5) Excludes all income tax obligations, a portion of which represents unrecognized tax benefits in connection with uncertain tax positions taken, or expected to be taken on our income tax returns as of December 29, 2007 since we cannot determine the time period of future tax consequences. For additional information regarding income taxes, see Note 9 to our audited consolidated financial statements included elsewhere in this prospectus.

Other than the transactions described above, there have been no material changes outside of the ordinary course of business to our contractual and other obligations since December 29, 2007.

Off-Balance Sheet Arrangements

Except as noted in the table above under "Contractual and Other Obligations" and except for letters of credit totaling approximately $54.3 million as of December 29, 2007, we have no material off-balance sheet obligations.

Critical Accounting Policies and Use of Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management regularly evaluates its estimates and judgments, including those related to revenue recognition, goodwill, intangible assets, and long-lived assets valuation, environmental liabilities, legal matters, insurance expense, stock-based compensation and provision for income taxes. Actual results may differ from these estimates. We believe that of our significant accounting policies, the following may involve a higher degree of judgment and complexity. (See Note 2 to our consolidated financial statements included in this prospectus.)

Revenue Recognition and Deferred Revenue and Expense. We recognize revenue upon disposal for our waste collection and disposal activities, and over the applicable service intervals for our parts cleaning services and related businesses. Deferred revenue is recorded for services billed but not earned. The deferral periods for our parts cleaning services are developed from reports we receive from our billing system that track the intervals of time between service visits. Deferral periods related to deferred revenue and related direct costs typically range from two to twelve weeks. Direct costs associated with the handling and transportation of waste prior to its disposal and other variable direct costs associated with our parts cleaning services and related businesses are capitalized and deferred. In developing our deferral periods related to our waste collection and disposal activities, we have a tracking system that allows us to follow the point in time when we collect waste from the customer to the point in time when the waste is disposed.

Goodwill and Indefinite-Lived Intangible Assets. We review goodwill and other indefinite-lived intangible assets for impairment on an annual basis using fair value measurement techniques.

We test goodwill for impairment annually and whenever events or circumstances make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of a reporting unit. Determining whether an impairment has occurred requires valuation of the respective reporting unit, which we will estimate using a discounted cash flow method. When available and as appropriate, we will use comparative market multiples to corroborate discounted cash flow results. In applying this methodology, we will rely on a number of factors, including actual operating results, future business plans, economic projections and market data. This approach uses significant estimates and assumptions including projected future cash flows (including timing) and the selection of a discount rate that reflects the risk inherent in future cash flows.

If this analysis indicates goodwill is impaired, measuring the impairment requires a fair value estimate of each identified tangible and intangible asset. We will perform internal valuation analyses and consider other market information that is publicly available. Estimates of fair value are primarily determined using discounted cash flows.

We utilize the relief-from-royalty (royalty savings) concept to evaluate our trade name. In the royalty savings concept, value is attributed to the savings in royalties resulting from a company's ownership of a trade name. If the total value attributed to the savings in royalties is less than the carrying amount of the trade name, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the trade name. In applying this methodology, we rely on a number of factors including actual operating results, internal business plans, market data, and apply an appropriate discount factor. There are inherent uncertainties related to these factors and management's judgment in applying them to the analysis of trade name impairment.

Long-Lived Assets. We periodically evaluate the net realizable value of long-lived assets, including property, plant and equipment and amortizable intangible assets, relying on a number of factors including operating results, business plans, economic projections and anticipated future cash flows. When indicators of potential impairment are present, the carrying values of the assets are evaluated in relation to the operating performance and estimated future undiscounted cash flows of the underlying business. An impairment in the carrying value of an asset is recognized whenever anticipated future cash flows (undiscounted) from an asset are estimated to be less than its carrying value. The amount of the impairment recognized is the difference between the carrying value of the asset and its fair value. Fair values are based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates, reflecting varying degrees of perceived risk.

Environmental Liabilities. Our environmental liabilities consist of remediation, closure and post-closure liabilities (including Superfund liabilities) and asset retirement liabilities. Our facilities are regulated by federal, state, provincial and local laws enacted to regulate the discharge of materials into the environment or otherwise protect the environment. We periodically review and evaluate sites requiring remediation, including Superfund sites, giving consideration to the nature (i.e., owner, operator, transporter or generator) and the extent (i.e., amount and nature of waste hauled to the location, number of years of site operations or other relevant factors) of our alleged connection with the site; the regulatory context surrounding the site; the accuracy and strength of evidence connecting us to the site; the number, connection and financial ability of other named and unnamed PRPs; and the nature and estimated cost of the likely remedy.

Remedial liabilities are inherently difficult to estimate. Estimating remedial liabilities requires that the existing environmental contamination be understood. There is a risk that the actual quantities of contaminants differ from the results of the site investigation, and there is a risk that contaminants exist that have not been identified by the site investigation. In addition, the amount of remedial liabilities recorded is dependent on the remedial method selected. There is a risk that funds will be expended on a remedial solution that is not successful, which could result in the additional incremental costs of an alternative solution. Such estimates, which are subject to change, are subsequently revised if and when additional information becomes available. It is possible that technological, regulatory or enforcement developments; results of environmental studies; or other factors could necessitate the recording of additional liabilities or the revision of currently recorded liabilities.

Legal Matters. As described in Note 13, "Commitments, Contingencies and Legal Proceedings," to our consolidated financial statements, we are subject to legal proceedings which have arisen in the ordinary course of business. Accruals are established for legal matters when, in our opinion, it is probable that a liability exists and the liability can be reasonably estimated. Actual expenses incurred in future periods can differ materially from accruals established.

Insurance Expense. It is our policy to retain a significant portion of certain expected losses related primarily to workers' compensation, health insurance, comprehensive general and vehicle liability. Accruals are established for incurred losses based on actuarial estimates and historical data studies. Recording health insurance expense requires that estimates be made of the cost of health benefits to be provided in future periods. Actual expenditures required in future periods can differ materially from accruals established based on estimates.

Stock Compensation. As described in more detail in Notes 2 and 16 to our consolidated financial statements, we have issued stock options and restricted stock units under the Safety-Kleen Equity Plan. We account for share-based awards exchanged for employee services in accordance with SFAS No. 123(R), *Share-Based Payment,* or SFAS No. 123(R). Under SFAS No. 123(R), share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee's requisite service period, which is generally the maximum vesting period of the award.

The determination of the fair value of stock options using the Black-Scholes-Merton option valuation model is affected by our common stock valuation as well as assumptions regarding a number of complex and subjective variables. Factors that our board of directors considers in determining the fair market value of our common stock include the recommendation of our human resources and compensation committee, and of management based on certain data, including discounted cash flow analysis, comparable company analysis and comparable transaction analysis, as well as contemporaneous valuation reports. Because our stock is not currently publicly traded, we do not have observable share-price volatility; therefore, we estimate our expected volatility based on that of which we consider to be similar publicly-traded companies and expect to continue to do so until such time we have adequate historical data from our traded share price. The expected term of employee stock options represents the weighted-average period the stock options are expected to remain outstanding. The expected term assumption is estimated based primarily on the stock options' vesting terms and remaining contractual life and employees' expected exercise and post-vesting employment termination behavior. The risk-free interest rate assumption is based upon observed interest rates on the grant date appropriate for the term of the employee stock options. The dividend yield assumption is based on the expectation of no future dividend payouts by us.

We utilized the following weighted-average assumptions in estimating the fair value of the options grants for fiscal years 2006 and 2007:

	December 30, 2006	**December 29, 2007**
Risk-free interest rate	4.64%	4.65%
Expected life	6 years	6.25 years
Dividend rate	0.00%	0.00%
Expected volatility	85.00%	85.00%
Weighted average grant date fair value of options	$4.49	$17.79

As share-based compensation expense under SFAS No. 123(R) is based on awards ultimately expected to vest, it is reduced for estimated forfeitures. SFAS No. 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Black-Scholes-Merton model requires the use of subjective assumptions including expectations of future dividends and stock price volatility. Such assumptions are only used for making the required fair value estimate and should not be considered as indicators of future dividend policy or stock price appreciation. Because changes in the subjective assumptions can materially affect the fair value estimate, and because employee stock options have characteristics significantly different from those of traded options, the use of the Black-Scholes-Merton option pricing model may not provide a reliable estimate of the fair value of employee stock options.

During fiscal years 2006 and 2007, the following awards were granted under the Safety-Kleen Equity Plan:

Grants Made During the Quarter Ended	Number of Options Granted	Weighted Average Exercise Price	Weighted Average Market Value Price	Weighted Average Intrinsic Value per Share
April 22, 2006	1,073,000	$ 6.00	$ 6.00	$ —
July 15, 2006	—	—	—	—
October 7, 2006	5,000	11.00	11.00	—
December 30, 2006	—	—	—	—
April 21, 2007	81,000	24.00	24.00	—
July 14, 2007	35,000	24.00	24.00	—
October 6, 2007	5,000	23.00	23.00	—
December 29, 2007	20,000	22.00	22.00	—

Based on an expected initial public offering price of $, (which is the midpoint of the range set forth on the cover page of this prospectus) the fair value of the options outstanding at December 29, 2007, was $ million, of which $ million related to vested options and $ million related to unvested options.

Significant Factors, Assumptions, and Methodologies Used in Determining our Fair Value. When determining the fair value of our common stock, we follow the guidance prescribed by the American Institute of Certified Public Accountants in its practice aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, or the Practice Aid.

According to the Practice Aid, quoted market prices in active markets are the best evidence of fair value of a security and should be used as the basis for the measurement of fair value, if available. Since quoted active market prices for our securities are not available, the estimate of fair value should be based on the best information available, including prices for similar securities and the results of using other valuation techniques. Privately held enterprises or stockholders sometimes engage in arm's-length cash transactions with unrelated parties for the issuance or sale of their equity securities, and the cash exchanged in such a transaction is, under certain conditions, an observable price that serves the same purpose as a quoted market price. Those conditions are (a) the equity securities in the transaction are the same securities as those with the fair value determination is being made, and (b) the transaction is a current transaction between willing parties. To the extent that arm's-length cash transactions were available, we utilized those transactions to determine the fair value of our common stock. When arm's-length transactions as described above were not available, then we utilized other valuation techniques based on a number of methodologies and analyses, including:

- discounted cash flow analysis;
- comparable company market multiples; and
- comparable merger and acquisition transaction multiples.

Arm's-length cash transactions related to our common stock of which we are aware during fiscal years 2006 and 2007 are as follows:

	Number of Shares	Price per Share	Gross Proceeds
August 2006 recapitalization	9,090,909	$ 11.00	$ 100,000,000
October 2006	30,000	11.00	330,000
November 2007	7,408	19.00	140,752
December 2007	4,606	23.00	105,938

Provision for Income Taxes. We are required to estimate the provision for income taxes, including the current tax expense together with assessing temporary differences resulting from differing treatments of assets and liabilities for tax and financial accounting purposes. These differences together with net operating loss carryforwards and tax credits are recorded as deferred tax assets or liabilities on the balance sheet. An assessment must then be made of the likelihood that the deferred tax assets will be recovered from future taxable income. To the extent that we determine that it is more likely than not that the deferred tax asset will not be utilized, a valuation allowance is established. Taxable income in future periods significantly above or below that now projected will cause adjustments to the valuation allowance that could materially decrease or increase future income tax expense.

We adopted the provisions of Financial Accounting Standards Board, or FASB, Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*, or FIN 48, on December 31, 2006. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For benefits to be realized, a tax position must be more likely than not to be sustained upon examination. The amount recognized is measured as the largest amount of benefit that is more likely than not to be realized upon settlement.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, or SFAS No. 157. SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under this statement, fair value measurements are required to be separately disclosed, by level, within the fair value hierarchy. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FSP 157-2, which amends SFAS No. 157 to delay the effective date of SFAS No. 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis, to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. In February 2008, the FASB also issued FSP 157-1, that would exclude leasing transactions accounted for under SFAS No. 13, *Accounting for Leases*, and its related interpretive accounting pronouncements. We are currently evaluating the impact of SFAS No. 157, but do not expect its adoption to have a material impact on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106 and 132R*, or SFAS No. 158. SFAS No. 158 requires that the funded status of defined benefit postretirement plans be recognized on a company's balance sheet, and changes in the funded status be reflected in comprehensive income. For companies without publicly traded equity securities, SFAS No. 158 is effective for fiscal years ending after June 15, 2007. This provision of SFAS No. 158 had no impact on us. SFAS No. 158 also requires companies to measure the funded status of the plan as of the date of its fiscal year-end, effective for fiscal years ending after December 15, 2008. We are currently evaluating the impact of the remaining provisions of SFAS No. 158, but do not expect its adoption to have a material impact on our consolidated financial statements.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115*, or SFAS No. 159. SFAS No. 159 permits companies to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. We are currently evaluating the impact of SFAS No. 159, but do not expect its adoption to have a material impact on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations*, or SFAS No. 141R. SFAS No. 141R requires the acquiring entity in a business combination to recognize the full fair value of assets acquired and liabilities assumed in the transaction whether full or partial acquisition, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, requires expensing of most transaction and restructuring costs, and requires the acquirer to disclose all information needed to evaluate and understand the nature and financial effect of the business combination. SFAS No. 141R applies to all transactions or other events in which an entity obtains control of one or more businesses. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first fiscal year beginning after December 15, 2008. We are currently evaluating the impact SFAS No. 141R may have on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—An Amendment of ARB No. 51*, or SFAS No. 160. SFAS No. 160 requires reporting entities to present noncontrolling (minority) interests as equity as opposed to a liability or mezzanine equity and provides guidance on the accounting for transactions between an entity and noncontrolling interests. SFAS No. 160 is effective the first fiscal year beginning after December 15, 2008, and interim periods within that fiscal year. SFAS No. 160 applies prospectively as of the beginning of the fiscal year it is initially applied, except for the presentation and disclosure requirements which are applied retrospectively for all periods presented. We are currently evaluating the impact of SFAS No. 160, but do not expect its adoption to have an impact on our consolidated financial statements.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in currency exchange rates and interest rates on our long-term debt obligations. We do not generally enter into forward or option contracts to manage market risks associated with currency exchange rates. We estimate our market risk using sensitivity analysis. Market risk is defined as the potential change in the fair value of a fixed-rate debt obligation due to a hypothetical adverse change in interest rates and the potential change in interest expense on variable rate long-term debt obligations due to changes in market interest rates. Fair value on long-term debt obligations is determined based on a discounted cash flow analysis, using the rates and maturities of these obligations compared to terms and rates currently available in the long-term markets. The potential change in interest expense is determined by calculating the effect of the hypothetical rate increase on our variable rate debt for the year and does not assume changes in our financial structure. The results of the sensitivity analysis used to estimate market risk are presented below, although the actual results may differ from these estimates.

At December 29, 2007, the fair value of our fixed rate long-term debt arising from the interest rate swap agreement described below was estimated to be $100.0 million based on the interest rate of 6.59% and a maturity of six years, compared to terms and rates currently available in long-term financing markets. Market risk is estimated as the potential loss in fair value of our long-term debt resulting from a hypothetical increase of 10% in interest rates. As discussed further below, our interest rate swap agreement, which effectively fixes our interest rate on $100.0 million of our long-term debt, expires in May 2008. As a result, beginning in 2008 all of long-term debt, except for capital lease obligations, will be variable rate debt. Accordingly, an increase in interest rates would not have a significant impact on the fair value of our long-term debt as of December 29, 2007. At December 29, 2007, we had approximately $144.1 million of variable rate debt. If market interest rates increase 100 basis points in 2008 over the rates in effect at December 29, 2007, interest expense would increase by approximately $2.0 million.

To manage our interest rate risk exposure and fulfill a requirement of our credit facility, we entered into an interest rate swap agreement with an investment grade financial institution in 2005. The agreement covers a notional amount of $100.0 million. In accordance with the interest rate swap agreement, we pay an interest rate, that fixes LIBOR at 4.09%, and the major financial institution, as a counter party to the interest rate swap agreement, pays us interest at a floating rate based on three-month LIBOR on the notional amount. Our interest rate swap agreement is not treated as a hedge under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*; therefore, the fair market value of $0.3 million is included in "Other Current Assets" in the Consolidated Balance Sheets. The related gains or losses are recorded as a component of "Interest Expense" in the Consolidated Statements of Operations. The interest rate swap agreement expires in May 2008. We do not hold or issue derivative financial instruments for trading or speculative purposes.

We are exposed to market risk arising from changes in currency exchange rates as a result of operations outside the United States (principally Canada). A portion of our sales revenue generated from our non-U.S. operations are denominated in currencies other than the U.S. dollar, principally the Canadian dollar. In addition, a portion of our sales generated from our non-U.S. operations are denominated in U.S. dollars. Most of our operating costs for these non-U.S. operations are denominated in local currencies, principally the Canadian dollar. Consequently, the translated U.S. dollar value of our non-U.S. sales revenue and operating results are subject to currency exchange rate fluctuations which may favorably or unfavorably impact reported earnings and may affect comparability of period-to-period operating results.

We are also exposed to market risk from changes in certain oil and oil derivative commodity rates and indices. See further discussion of such exposure above within "—Components of Revenues and Expenses—Revenues—Oil Services and Products." We have not entered into any hedging arrangements with respect to changes in oil commodity rates and indices.

BUSINESS

Overview

Safety-Kleen is the leading provider of used oil collection, re-refining and recycling, and parts cleaning services in North America, and is also a market leader in providing a comprehensive set of other environmental solutions, such as containerized waste services, vacuum services and total project management services. Our broad set of environmentally-responsible products and services ensures the responsible collection, processing, re-refining, recycling and third-party disposal of hazardous and non-hazardous materials. Our North American network is the largest in the industry, consisting of over 200 facilities in the United States, Canada and Mexico (including branches, recycling centers, distribution centers, oil terminals, accumulation centers and re-refineries) and logistics capabilities supported by a fleet of trucks, rail cars and barges.

Safety-Kleen has provided cleaning and environmental solutions to a wide array of customers in the commercial, industrial and automotive end markets for more than 40 years. We are recognized as a trusted provider of environmental solutions delivering responsible closed-loop systems for managing many of our customers' waste streams. These systems recycle, reclaim and reuse both used oil and spent cleaning solvent, which conserves natural resources while reducing our customer's environmental liability, and provide us with economic advantages through the reduction of costs and the sale of recovered products. For example, in fiscal year 2007, we collected approximately 15 million gallons of solvent and reclaimed and resold approximately 14 million gallons of such collected solvent. In fiscal year 2007, we fulfilled approximately 77% of our total solvent requirements through recycling, reducing our need to purchase virgin solvent manufactured from crude oil. We also re-refined and recycled approximately 140 million gallons, or 70%, of the over 200 million gallons of used oil we collected in fiscal year 2007.

In fiscal year 2007, we serviced approximately 330,000 customer locations across a wide variety of industries, including the manufacturing, automotive and governmental sectors. Our customers in fiscal year 2007 included approximately 420 of the Fortune 500, as well as over 300,000 small- to medium- sized businesses, most of which we believe require two or more of the services we offer. For example, our automotive customers require several services, including parts cleaning, oil collection, vacuum and containerized waste services. Due to the recurring requirements of our customers, we averaged approximately 64,000 service calls per week in fiscal year 2007. As a result of these regular service and maintenance contacts, we are well-positioned to cross-sell new and existing services and related products and to become the complete solutions provider for our customers' industrial cleaning and environmental service needs.

We are led by an experienced management team with a proven record of delivering revenue growth and profitability. Under the leadership of our management team, we have grown our revenue from $867.3 million in fiscal year 2004 to $1,073.0 million in fiscal year 2007, reflecting a compound annual growth rate of 7.4%. We also restored the Company to profitability, generating net income of $4.5 million in fiscal year 2007, as compared to net losses in fiscal years 2004, 2005 and 2006 of $100.4 million, $123.9 million and $73.4 million, respectively. In addition, our Adjusted EBITDA, a non-GAAP financial measure, has grown from $28.3 million in fiscal year 2004 to $116.6 million in fiscal year 2007.

Our Markets

We serve many diverse environmental needs of customers across a broad range of markets, including in automotive maintenance and repair, light and heavy manufacturing, retail, transportation, utilities and government. As the pioneer in the parts cleaning industry, our predecessor company established the first and only extensive service network in North America to serve those markets. Over the years, we have been able to use our network to respond to our customers' varied and changing needs by providing a growing range of services, including used oil collection, re-refining and recycling and a variety of other environmental services. We believe that our opportunity to provide these services, as well as the opportunity to fill additional needs, will continue to grow as customers seek service providers with the capability to deliver reliable and responsible environmental solutions for their specific needs.

Through our oil collection services and recycled oil products offerings, we compete in the used oil collection market. Safety-Kleen is the largest collector of used oil in North America, collecting over 200 million gallons in fiscal year 2007. Based on a 2006 study conducted by the Department of Energy and data from the Canadian Used Oil Management Association, we believe that the size of the United States and Canadian used oil market in fiscal year 2007 was approximately 1.4 billion gallons, of which we collected nearly 14% of this total volume. This used oil is collected from garages, vehicle dealerships, quick lube change installations and other commercial and industrial businesses. Market participants include used oil collectors, transporters/brokers, processors, re-refiners and used oil burners. Historically, most of the used oil collectors have been small, independent operators. Safety-Kleen provides a safe and consistent used oil collection service to its customers using its branch service platform and an integrated back-end network of consolidation facilities and transportation resources. Collected used oil is often recycled and reprocessed and sold to various users as an alternative to their base load natural gas or other liquid fuel supplies to lower their operating costs. Safety-Kleen is an active participant in this market. As an alternative to using used oil solely for its heating value, used oil can be re-refined into a variety of oil products. Through our re-refining operations, we process the majority of the used oil we collect to produce a variety of oil products, including a base oil of the same quality as base oil refined from crude oil, as well as blended products such as automotive motor oil, heavy duty diesel engine oils and transmission fluids. These products are sold into the marketplace where they compete with similar products produced by crude oil refiners and offer a "green" recycled product alternative. This used oil re-refining process takes advantage of a renewable resource, is highly efficient and is the EPA's preferred method of used oil management. Primary market drivers are the prices of crude oil, refined oil, fuel oil and natural gas.

Safety-Kleen launched the parts cleaning business in 1968 in North America with its roll out of parts cleaning services to auto repair shops. The parts cleaning service consists of Safety-Kleen placing a specially designed parts washer at the customer's premises and thereafter, on a scheduled basis, delivering fresh solvent or aqueous fluid, cleaning and servicing the parts washer and removing the used solvent or aqueous fluid. This service filled an unmet need at service garages across the United States and Canada as a convenient, safe and economical method of cleaning parts in the automotive maintenance process. Before Safety-Kleen's services became available, mechanical parts were typically cleaned through a variety of crude methods, many of which would not meet current environmental standards. In the early years after its introduction, Safety-Kleen's parts cleaning service thrived despite the lack of a stringent environmental regulatory scheme, due to the convenience and quality of Safety-Kleen's services and equipment. Safety-Kleen eventually began recycling the used solvent as a way to conserve resources and as a part of a comprehensive service offering. Following the enactment of stricter environmental laws and regulations, Safety-Kleen's service evolved from a convenient method of parts cleaning into a necessary service to meet the regulatory requirements for the management of the used cleaning solutions. Over time, this offering was extended to provide these services to industrial customers. The parts washing market today consists of both the traditional solvent-based systems as well as a growing market for aqueous parts cleaning solutions. The equipment used in these processes today includes manual and automatic systems using a variety of solvent and aqueous chemistries to clean a variety of parts and equipment. We believe that the size of the parts cleaning market was approximately $900 million in fiscal year 2007, and that Safety-Kleen was the leader in this market with an approximately 30% market share. In fiscal year 2007, Safety-Kleen performed over one million parts cleaning services for customers spanning a wide variety of industries, including automotive repair and maintenance providers and general industrial manufacturers. The industry remains highly fragmented with many regional competitors, with Safety-Kleen as the only national provider of these services. Safety-Kleen's national "hub and spoke" service network for its parts cleaning business created the infrastructure and platform for many other services offered by the Company to responsibly manage other regulated wastes generated by its customers, and as a result, Safety-Kleen's parts cleaning business has evolved from its original offering to a broader suite of environmental solutions to meet additional customer needs as well as changing preferences.

Safety-Kleen also participates in the industrial and hazardous waste markets through its environmental solutions offerings. Companies in these markets provide for the safe management and disposal of solid and liquid waste for commercial and industrial customers. Market participants must be able to comply with extensive federal, state, provincial and local regulations. These markets are highly fragmented with many local and regional competitors. Based on a 2004-2005 study conducted by Farkas Berkowitz & Company, we believe the North American market for hazardous and industrial waste services was approximately $3.5 billion in fiscal year 2007, and Safety-Kleen estimates that it has an approximately 7% market share. Safety-Kleen's services provide for the safe collection and proper disposition of various types of wastes generated from a wide range of commercial and government locations that include manufacturing operations, printers, automotive collision and repair shops, dry cleaners, retail locations, schools and universities. Safety-Kleen uses its collection network and infrastructure to provide convenient management of both large and small quantities of wastes from its customers. Waste materials are appropriately identified and characterized prior to service and are typically collected by Safety-Kleen route service personnel that provide the customers with the requisite documentation for state and federal waste management as well as U.S. Department of Transportation requirements. The collected materials are transported and tracked through our system to appropriately-permitted processing locations with the applicable recovery, recycling, or disposal technology based on regulation, material composition and customer preferences. These relationships with its customers provide Safety-Kleen the opportunity to provide additional services, including total project management, clean-up activities and emergency response services.

Our Strengths

North America's Market Leader. We are a market leader in three of our largest service offerings in North America—used oil collection, re-refining and recycling, parts cleaning services and vacuum services—which together accounted for approximately 70% of our revenues in fiscal year 2007. Our network of assets in North America enables us to provide a broad range of services to our customers including used oil collection, used oil re-refining, parts washing services, vacuum services and containerized waste services. We are the only North American-wide provider of both used oil collection and re-refining and parts cleaning services. Competition in our markets is highly fragmented and we believe that no other company is able to provide customers who have nationwide operations with the consistency and level of service they require. The breadth and credibility of our service offerings, together with our market presence, resonates with customers seeking providers with an established reputation for reliable and high-quality services and we believe positions us for future growth.

Premier Brand Name. With over 40 years of operating history, we believe Safety-Kleen is the most recognized brand in the industry and is associated with quality, reliability and environmental stewardship. The on-site presence of our highly recognizable branded equipment and products, along with the recurring visits of our sales and service representatives, continues to reinforce the Safety-Kleen brand name. Through our targeted marketing initiatives, we enhance our brand recognition to many of our customers. For example, we are an Official Supplier of NASCAR and our parts washers are an exclusive licensed NASCAR performance product.

Trusted Environmental Solutions Provider. We have a proven track record of providing responsible environmental solutions that meet the needs of our customers and the communities we serve. With our proven expertise and environmentally-responsible protocols, we are able to reduce our customers' liability and assure regulatory compliance when providing these environmental services to our customers. In addition, our closed-loop processes ensure that used oil and solvent are collected, transported, processed and then re-introduced into the marketplace. These methods of handling both hazardous and non-hazardous waste throughout a full life-cycle minimize the introduction of such waste into the land and water. As environmental awareness increases, we believe customers will look to providers like us with a demonstrated track record of providing responsible environmental solutions.

Scalable, Integrated Network Allows for Significant Operating Leverage. Our extensive network provides a solid platform from which our service revenues can be increased with minimal additional costs. This scalable platform and the breadth of our service offerings positions us to grow organically by cross-selling our products and service offerings and serving as a complete solutions provider of environmental solutions for customers' environmental needs. We believe that cross-selling to our customers that require two or more of our service offerings and increasing the number of customers in our primary geographic service areas will drive strong incremental margin growth.

In the oil services and products business, our integrated network allows us to capture more of the value of used oil throughout its life-cycle, from collection to eventual reuse. We believe we generate significant cost advantages and revenue opportunities by eliminating the incremental costs we would pay to third-party used oil collectors if we did not have our own used oil collection network. In addition, we generate greater revenues from the re-refining and recycling of used oil we collect into high quality base and blended lubricating oils and their ultimate sale than what we would obtain from selling our collected used oil in the fuel markets.

Recurring Revenue Stream from Large, Diverse Customer Base. Our customers require regular service calls for collection, replenishment, maintenance and technical assistance. As a result, we performed approximately 64,000 customer service calls per week in fiscal year 2007. This recurring service demand generates a stable source of revenue. For example, in fiscal year 2007, approximately 46% of our parts washer customers were under contract. All of our parts washer customers require recurring service for their parts washers, with service intervals averaging every 12 weeks. These recurring visits with our customers allow us to build lasting relationships, create a dependable recurring revenue stream and the opportunity to cross-sell our products and service offerings. In addition, we have a large and diverse customer base. In fiscal year 2007, our top 10 customers accounted for less than 19% of our total revenue, with no customer accounting for more than 4.4% of our revenue.

Substantial Barriers to Entry. Our North American network of complementary assets is difficult, expensive and time consuming to replicate. Our network includes over 200 facilities and is supported by logistics capabilities to optimally manage these assets, including over 1,000 rail cars, more than 2,500 vehicles and seven 400,000 gallon barges. With this extensive network, we are able to provide services and products in every key market throughout the United States and Canada.

Lengthy governmental permitting processes required to operate treatment, transfer and storage facilities across the United States and Canada create significant barriers to entry for competitors in our service offerings. The permitting process for a typical branch facility is governed by the Resource Conservation and Recovery Act, or RCRA, implemented by both the EPA and the various states. In addition, many states, provinces and local municipalities also require concurrent permits to operate a facility, including land use planning permits, air permits, storm water management permits, permits that may be required for specific chemical processing, and various licenses and registrations. This permitting process involves the preparation and expense of long, complex regulatory and engineering documents and a public hearing process that ultimately requires public support for approval. The process usually takes three to five years for a new branch facility. A permit renewal, which takes one to two years to complete, is required every five to ten years.

Strong Environmental, Health and Safety Performance in Highly Regulated Industries. We believe many customers choose our services because of our technical expertise and our environmentally-responsible processes. Our commitment to environmental stewardship is evidenced by our Environmental Management System, which is compliant with ISO 14001 standards, and our oil re-refineries, which are compliant with ISO 9001 standards. Our environmental, health and safety program is supported by an experienced team of approximately 60 regulatory compliance professionals. In addition, we have received a number of awards recognizing our environmental expertise, including the EPA Excellence in Site Remediation Recognition in 2004, the 2005 "Facilities of the Year" award from Environmental Protection Magazine and the 2006 "Environmental Responsibility Award" presented by California's Manufacturers & Technology Association and the Industrial Environmental Association.

Proven, Experienced Management Team. We are led by our CEO and President, Frederick J. Florjancic, Jr., who joined us in 2004. Since his arrival, Mr. Florjancic has assembled a senior management team comprised of individuals who average over 25 years of experience and possess strong records of operating performance in a diverse range of industries. This management team has increased operational efficiency, improved financial and internal controls and further enhanced the Safety-Kleen brand through additional service and product offerings and accretive acquisitions.

Our Business Strategy

Our mission is to be the market leader in providing environmental solutions that meet the needs of our customers and the communities we serve. We have developed a multi-year strategic plan to grow and improve our business, which includes the following strategies:

Grow our oil business. We intend to expand our oil business by increasing used oil collections, used oil re-refining capacity and RFO sales. We have benefited from strong pricing trends and are operating our re-refining facilities at essentially full capacity. We have begun an expansion project at our re-refineries to increase our used oil re-refining capacity by approximately 24 million gallons, or 17%, and increase the nominal tank storage capacity at our re-refineries by 12 million gallons, by the end of fiscal year 2009. In order to increase our used oil collection capabilities, we are currently adding to our fleet of oil collection vehicles and are evaluating plans to build or acquire additional oil terminals in strategically located regions.

Expand our industrial cleaning business. We believe that there is a significant opportunity to grow our parts cleaning market share, as well as to expand our product and service offerings in the manufacturing, automotive and governmental sectors, through the following initiatives:

- *Expanding industrial cleaning service offering.* We are leveraging our brand identity and distribution network to expand the customer base for our industrial cleaning product and service offerings. For example, we have developed specialized applications for companies in the metalworking industry, which are designed to keep such customers' equipment running smoothly through "in-process" cleaning. In addition, we have developed Safety-Kleen® branded professional cleaning products, including hand, floor and general purpose cleaners, as well as, spill kits, absorbents and cleaning aerosols, that we can offer to our existing and future customers, some of which are sold through retail outlets.

- *Developing new products.* Our new research and development center, coupled with our new supply relationships, has allowed us to introduce advanced parts washer models with improved technology, improved durability, additional features and enhanced cleaning efficacy at the same cost as our current product offerings. For example, our recently introduced AQ-1 aqueous parts washer offers customers enhanced cleaning capabilities and convenience, with features such as a 110 volt power demand that is more convenient than the traditional

220 volt automated unit, an integrated timer that decreases start-up time and allows the unit to be ready when needed, an environmentally-friendly cleaning solution that cleans at lower operating temperatures and casters that allow the unit to be moved about the workplace.

- *Expand low cost manufacturing.* We recently began outsourcing a portion of our parts washer production to low cost manufacturers in China. By doing this, we are now able to replace old parts washers with new machines at a lower cost than refurbishing old machines, which was our prior practice. We believe this supply change will enhance our competitiveness by upgrading our customers to new machines rather than providing refurbished ones.

Increase customer penetration. We intend to increase customer penetration by cross-selling existing products and services to our customers through the following initiatives:

- *Cross-selling our services.* Through focused marketing and cross-selling, we plan to increase penetration of our existing customer base that utilizes only a portion of our full suite of services. Currently, less than 26% of our customers use multiple Safety-Kleen core product and service offerings, such as oil services and products, parts cleaning services, containerized waste services and vacuum services. However, we believe that the vast majority of our customers have additional needs for environmental services, oil services and products and industrial cleaning solutions for which we are not yet the provider. For example, automotive shops may require parts cleaning, oil collection, oil filter recycling, containerized waste services, vacuum services, emergency response services and various cleaning products.

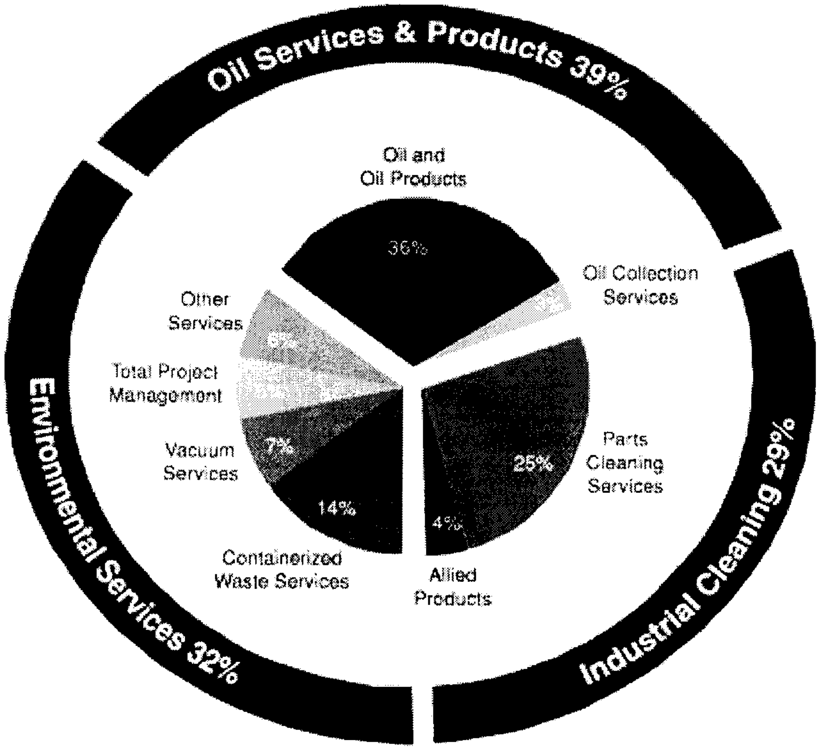
- *Aligning our sales force.* We are supporting our effort to be the complete solutions provider for all of our customers' industrial cleaning and environmental service needs by aligning our sales force by specific target customer types such as automotive repair shops and commercial and industrial accounts. With a sales force aligned by customer type and supported by specialized training, sales tools and compensation plans, we believe that we will be able to significantly improve our sales penetration of our current customer base.

Pursue "tuck-in" and regional acquisitions. We compete in highly fragmented markets that offer various consolidation opportunities. We plan to selectively pursue acquisitions to accelerate our growth, realize operating synergies and enhance our market position. We target "tuck-in" acquisitions that offer access to new customers which can be serviced through our existing network without substantial additional capital investment. We also plan to pursue regional acquisitions, such as the recent acquisition in December 2007 of certain oil collection and parts washer assets of Advanced and United in the Northeastern region of the United States, which provided additional logistics assets and the capability to collect increased volumes of used oil in that region. We believe this strategy will allow us to increase asset utilization and profitability.

Improve asset utilization. We intend to improve our asset utilization by disposing of non-core and under-performing assets. To accomplish this objective, we intend to begin exiting certain lines of business such as dry cleaning, tolling and imaging. For example, in March 2008, we sold our containerized dry cleaning and wastewater treatment facility in Hebron, Ohio and our recycling facility in Chicago, Illinois to Clean Harbors, which facilities were special purpose operations dedicated to our tolling and dry cleaning business, respectively. In addition, we intend to consolidate or close a number of under-performing branches in 2008 and service our customers more efficiently from other branches in the surrounding area.

Products and Services

The following chart presents the revenues and percentages from each of our key product and service offerings for fiscal year 2007.



Total Revenue = $1.073 billion

Oil Services and Products

We are North America's largest re-refiner, recycler and collector of used oil. In this area, we capitalize on the spread between the cost to collect and re-refine or reprocess used oil and the price at which we sell the re-refined oil products and RFO.

In fiscal year 2007, we collected over 200 million gallons of used oil from automobile and truck dealers, automotive garages, oil change outlets, service stations, industrial plants and other businesses. Through our logistics network of over 470 oil collection trucks, seven barges and over 1,000 rail cars, we collect and transfer used oil to one of our 22 oil terminals for storage and initial processing. We collect used oil primarily for processing at our two oil re-refineries. Our used oil collection network has the ability to supply all our re-refining and recycling requirements, providing a reliable source of used oil, which allows us to optimize the efficiency of our re-refining operations.

We own and operate the two largest used oil re-refineries in North America, located in East Chicago, Indiana and Breslau, Ontario, representing in excess of 75% of the North American re-refining capacity. The East Chicago facility is the largest used oil re-refinery in North America with an annual capacity of more than 100 million gallons of used oil. The Breslau facility is the largest used oil re-refinery in Canada with an annual capacity of more than 40 million gallons of used oil. We operate our re-refineries at essentially full capacity, re-refining a majority of the used oil we collect to produce high quality base and blended lubricating oils with the same quality and performance standards as base oils refined from crude oil. In fiscal year 2007, approximately 52% of our lubricating oil production was blended lubricating oil and 48% was base lubricating oil. During fiscal year 2007, blended products accounted for approximately 50% of total oil and oil products sales revenues and base lubricating oils accounted for approximately 30%. The remaining portion of our oil and oil products sales revenue in fiscal year 2007 was generated from sales of terminal fuel and other by-products of the re-refining process, such as asphalt extenders and industrial fuel oils. Used oil collected in excess of the capacity of our re-refining facilities is processed through our terminal network into RFO and sold to industrial plants, asphalt plants, cement kilns and pulp and paper companies.

Industrial Cleaning Services

Parts Cleaning Services. We pioneered parts cleaning services and have been the market leader in North America for over 40 years. We enjoy the leading market position in North America by revenue and installed base of parts washers. Parts cleaning services consist of the placement, maintenance and servicing of parts washers and the associated cleaning fluids at a wide range of automotive, industrial and commercial customer locations.

Parts cleaning remains a customer-focused, direct-selling business. Parts cleaning services representatives install and service either solvent or aqueous parts washers at customer locations. Service representatives then make customer service calls at regular intervals to clean and maintain equipment and remove and replace the used cleaning fluids with fresh cleaning fluids. In fiscal year 2007, we performed over one million parts cleaning services to an installed base of approximately 251,000 parts washers, consisting of approximately 164,000 that we owned and placed at customer locations and approximately 87,000 that were owned by our customers. We provide recurring services on these parts washers, with an average service interval for all our customers of 12 weeks. In addition, in fiscal year 2007, approximately 46% of our customers were under contract. We believe we offer the broadest line of parts washer equipment on the market. We also sell parts washer equipment and provide service to customers who own their own parts washers. We are North America's largest collector of used solvent, which is collected from servicing parts washers and then recycled for reuse at our network of recycling centers. During fiscal year 2007, we collected approximately 15 million gallons of used solvent and reclaimed approximately 14 million gallons of used solvent, or approximately 90%, of such collected solvent. Through recycling, we fulfilled approximately 77% of our total solvent requirements in fiscal year 2007, which allowed us to reduce our purchases of more expensive virgin solvent in the market. In addition, we have enhanced our position in the aqueous cleaning market through our joint venture with Church & Dwight Co., Inc. (Arm & Hammer) which produces an effective aqueous parts cleaning formula.

Allied Products. We leverage the strength of the Safety-Kleen brand and our leading position in parts cleaning services to offer a complementary line of products. These products include degreasers, glass cleaners, thinners, hand cleansers, floor cleaners, absorbents, antifreeze, windshield washer fluid, mats and spill kits. These products are manufactured to our specifications by third-party manufacturers and are marketed by our sales and service personnel.

Environmental Services

Based on customer demand for a broader range of environmental solutions, we have become a leading provider of containerized waste services, vacuum services, total project management and other environmental services.

Containerized Waste Services. Containerized waste services include the characterization, collection, transportation and recycling or third-party disposal of a wide variety of hazardous and non-hazardous wastes. We believe we manage the largest volume of waste manifests in the United States. We utilize our collection network to provide containerized waste services to our customers who require removal of a variety of waste products that require specialized handling, including inks, paints, used oil filters, gasoline filters, gasoline, brake fluid, fluorescent bulbs, absorbents and other similar waste materials.

Vacuum Services. We are one of the largest providers of vacuum services in North America. Our vacuum services offering is supported by our fleet of approximately 240 vacuum trucks, which are specially designed to remove solids, residual oily water and sludge and other fluids from our customers' oil/water separators, sumps and collection tanks. Many industrial processes result in the accumulation of waste fluids. For example, many automotive repair shops, car washes and similar businesses have underground oil/water separators, which are often subject to regulations that prohibit discharge of dirty or oily water into municipal sewer systems. We also collect waste fluids found at small and large industrial locations, including metal fabricators, auto maintenance providers and general manufacturers.

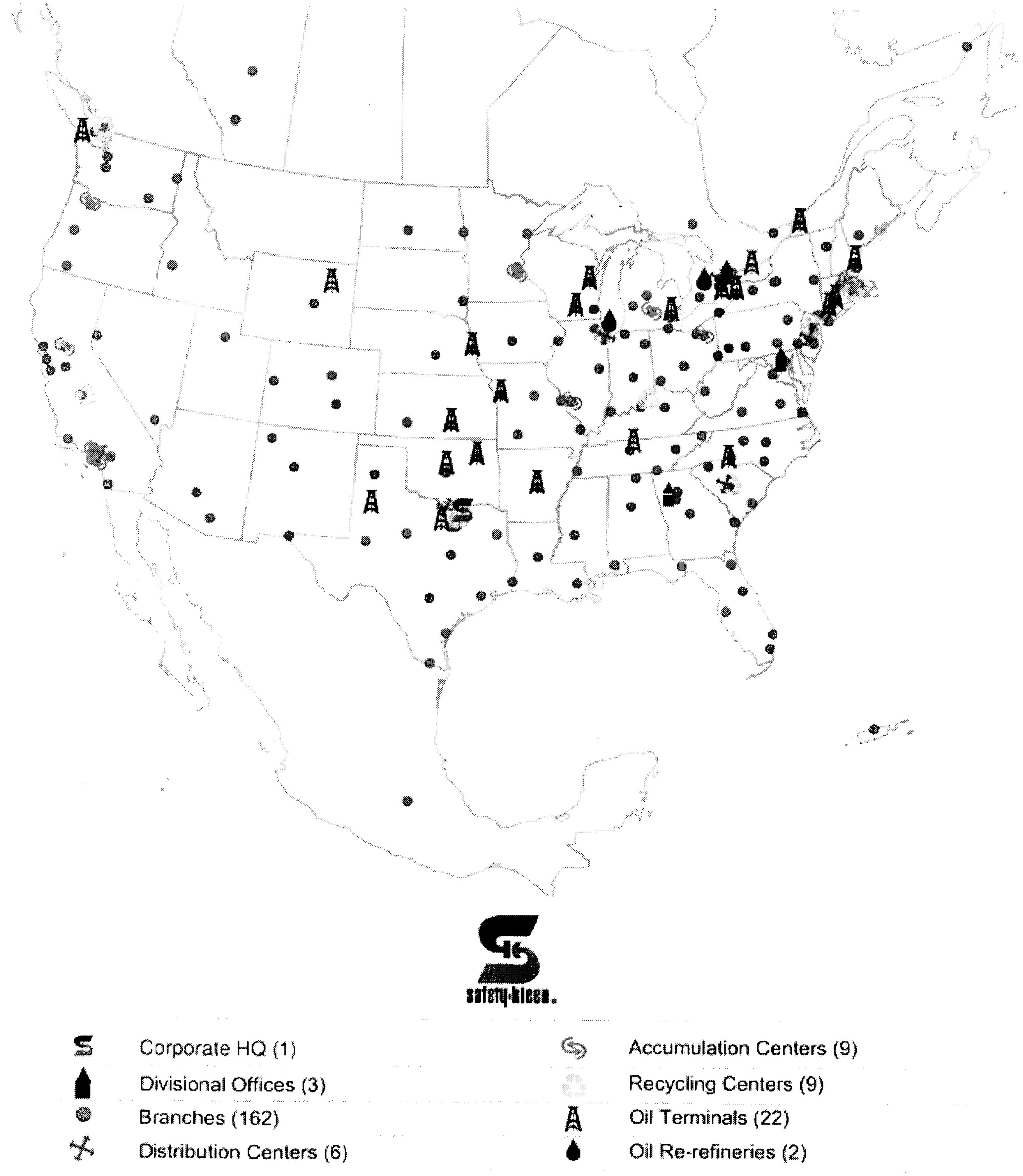
Total Project Management. We also leverage our existing customer relationships to provide total project management services, in which we select and manage pre-qualified third-party service providers in such areas as chemical packaging, on-site waste management, remediation, compliance training and emergency spill response. Due to our reputation as a full service environmental solutions provider and strong capabilities in regulatory and risk management, our customers call on us, even when we are subcontracting to a third party, for these services.

Other Services. Other services include the following:

- *Bulk shipping.* We ship waste directly to processing or disposal sites for certain of our customers that generate large quantities of waste.
- *Imaging services.* We provide on-site and off-site recycling of photochemical solutions, as well as film, aluminum plate and silver recovery services, to health care, printing, photo processing and other businesses and industries, which utilize image capture, processing, storage, output or delivery of images.
- *Dry cleaning services.* We collect and recycle contaminated dry cleaning wastes consisting of used filter cartridges and sludge containing perchloroethylene or mineral spirits used by dry cleaners to remove stains from clothing.
- *Recycling services and sales.* In addition, we obtain revenue from our toll processing operations whereby we collect and recycle a customer's waste stream and return the recycled product to the customer for use. We also have permits and capabilities to process wastewater at two of our facilities, whereby we physically and chemically treat our customer's wastewater to reduce the contaminants to specific treatment standards, which allows for the eventual return of the water back into the environment.

Our Service Network

During fiscal year 2007, we delivered our services to approximately 330,000 customer locations through our national network of over 200 facilities and logistics capabilities supported by a fleet of trucks, rail cars and barges. With locations in 45 U.S. states, four Canadian provinces, Puerto Rico and Mexico City, we are able to provide a wide array of services throughout North America and respond in a timely manner to our customers' needs.



Facilities

We have a significant portfolio of facilities, including branches, recycling centers, accumulation centers, distribution centers, oil terminals and oil re-refineries. As described below, we own a significant number of these facilities.

Facility type	Number of facilities	% owned	Description
Branches	162	67%	Branches are our principal sales and service centers from which we provide oil services, parts cleaning services, containerized waste services and other environmental services. Our branches have a total of approximately 4.8 million gallons of tank storage capacity and 6.8 million gallons of container storage capacity.
Recycling centers	9	89%	Recycling centers, with a total of approximately 3.4 million gallons of tank storage capacity and 3.0 million gallons of container storage capacity, recycle used solvents and process other chemicals and waste streams picked up from customers.
Accumulation centers	9	78%	Accumulation centers, with a total of approximately 75,500 square feet of capacity, serve branches by accumulating waste from all of our branches until they are taken to our recycling centers.
Distribution centers	6	50%	Distribution centers, with a total of approximately 400,000 square feet, are used to distribute new products and redistribute recycled products
Oil terminals	22	82%	Oil terminals collect or process used oil prior to delivery to re-refineries or distribute re-refined oil. Our total tank storage capacity at our oil terminals is approximately 36.1 million gallons.
Oil re-refineries	2	100%	Our re-refineries, located in East Chicago, Indiana, and Breslau, Ontario, re-refine approximately 140 million gallons of used oil into high quality base and blended lubricating oils. Our re-refineries have a total of approximately 19.5 million gallons of tank storage capacity. We have begun an expansion project at our re-refineries to increase our used oil re-refining capacity by approximately 24 million gallons, or 17%, and increase the nominal tank storage capacity at our re-refineries by 12 million gallons, by the end of fiscal year 2009.
Corporate headquarters	1	0%	Our corporate headquarters, with approximately 110,000 square feet, is located in Plano, Texas.
Divisional offices	3	0%	Our divisional offices are located in Atlanta, Georgia, Baltimore, Maryland and Toronto, Canada.
Other	42	—	We have a variety of other sites, both owned and leased, including small office facilities and sites being remediated.

Fleet

Efficiency of collection and transportation is a critical element to our North American network with route density and scale economies essential to providing quality service at relatively low unit costs. Our network is connected by our extensive fleet of vehicles whereby we deploy dedicated collection vehicles of different capacities and capabilities depending on the type of waste stream to be collected. With over 1,000 rail cars and over 2,500 vehicles, including route trucks, vacuum trucks, tractors, trailers, pick-ups and vans stationed at our branch service centers throughout North America, we are able to effectively manage our integrated network to meet the needs of our customers. The following table summarizes our fleet as of March 31, 2008:

Vehicle Type	Owned	Leased	Total
Route trucks	679	366	1,045
Oil collection trucks	338	141	479
Vacuum trucks	213	26	239
Rail Cars	0	1,025	1,025
Barges	0	7	7
Tractors	142	65	207
Trailers	351	225	576
Vans and pickups	558	1	559

Sales and Marketing

Our North American sales and marketing activities are organized through a network of over 570 sales professionals, 18 of whom are dedicated to serving national accounts. Our sales organization is structured to provide a focused approach to sales management and account development centered around our target customer groups and geographic regions. Since fiscal year 2006, our sales organization has been repositioned as a seller of solutions as opposed to a seller of individual products. In our new sales structure, professionals sell exclusively to automotive customers, industrial customers, or as generalists in regions where our customers are spread most thinly. The number of sales professionals is based upon existing market potential by customer type. We believe this structure allows us to provide better sales training, direction, specific products and promotions to our sales professionals to increase sales and account retention.

Through regular service and maintenance contact with hundreds of thousands of customers, we have the opportunity to effectively cross-sell new and existing services and related products and to become the complete solutions provider for our customers' industrial cleaning and environmental needs. This focus on cross-selling, or "bundling," is one of management's key priorities. For example, we currently estimate that less than 26% of our customers purchase more than one of our core service offerings. Of the remaining customers, we estimate that a significant portion of those customers purchase additional services offerings from a competitor. We believe that our brand recognition, environmental expertise and sales infrastructure positions us to capture more of this business.

We are currently implementing a number of new marketing and product initiatives, as well as expanding our sales channels. For example, in our parts cleaning line, we have recently introduced the AQ-1, a new combination aqueous based parts cleaning unit, as part of our service offerings. This unit combines the features of a traditional manual cleaning unit with those of an automated spray cabinet. Some of the AQ-1's features include a 110 volt power demand that is more convenient than the traditional 220 volt automated unit, an integrated timer that decreases start-up time and allows the unit to be ready when needed, an environmentally-friendly cleaning solution that cleans at lower operating temperatures and casters that allow the unit to be moved about the workplace. We have also introduced the X16/30, our next generation solvent parts cleaner that offers our customers improvements to our traditional manual solvent equipment, based on its enhanced user and servicer ergonomics, lighting, mobility, and increased fluid circulation. We continue to expand our cleaning products and automotive fluid offerings to add products that are used by a majority of our customers. For example, for our automotive customers, we have recently introduced the Khameleon® brand of recycled anti-freeze and coolant, a non-flammable windshield washer fluid and our EcoPower™ re-refined passenger car motor oil. These products fill existing demands with quality products and provide our customer base with the opportunity to utilize a "green" alternative. We have also recently secured our first orders for Safety-Kleen® branded cleaning products with retail outlets, allowing us to leverage our brand strength and product lines in this channel. In addition, we have recently begun expanding our sales channels beyond our traditional direct sales model in an effort to expand our sales reach and provide additional purchasing convenience for our customers. To increase sales to existing and potential customers, we now print and distribute product catalogs and encourage our customers to place their orders either through our central call center or on-line.

Our marketing communications are targeted at our core customers through web, print (primarily trade publications and catalogues), press releases on key events or initiatives, point of sale material, trade association participation and trade shows. We also work to enhance brand image through our multi-faceted association with motor sports in general and our relationship with NASCAR in particular. In addition, we use our ServiceFirst program to enhance customer satisfaction through increased level of sales and service focus and communications to our most valued customers. This program mandates scheduled account interactions, sets customer service quality standards and rewards our field employees for exceptional results.

Regulations, Compliance and Health & Safety

We regard compliance with applicable environmental regulations and the health and safety of our workforce and communities we serve as critical components of our overall operations. We have developed an environmental management system, or EMS, that governs all our activities and helps to achieve high levels of compliance. We believe that we are the only environmental services company that maintains a North American-wide EMS that conforms to the ISO 14001 standards, enhancing our compliance performance and our brand with our target customers.

Following guidance from the EPA, we developed a set of processes and practices that enable us to systematically assess and manage the compliance of our operations. In our EMS, we have mapped every job position that impacts compliance to each regulation that governs that job, allowing us to assess risk and clearly identify roles and responsibilities at every level of our company, as well as apply specific state and local regulatory requirements for each job. The backbone of our EMS is the comprehensive set of documentation and procedures, our Branch Operating Guidelines and our Standard Operating Procedures, which specifically identify the manner in which the job must be completed in order to comply with regulations. In fact, many of these internal operating requirements are more stringent than those imposed by regulation. Our commitment to compliance with environmental and health and safety regulations also enhances our operating performance. For example, our East Chicago re-refinery has not had a lost workday injury in over 11 years (more than 2.0 million man hours), and our Breslau re-refinery has not had a lost workday injury in over 12 years (more than 2.0 million man hours).

Our compliance staff is centrally managed but supports all aspects of our operations. This staff of approximately 60 highly trained professionals is responsible for supporting the facilities, permitting and regulatory compliance, health and safety compliance and initiatives, regulatory training, transportation compliance, remediation projects and all related record keeping. To ensure the effectiveness of our EMS and related regulatory reporting, our compliance organization monitors daily operational activities and automatically generates and sends a weekly report to senior management concerning the status of our environmental compliance and health and safety programs. Additionally, environmental compliance is a core part of our overall company audit program. Our dedicated auditors evaluate not only the performance of the facilities but also of the environmental professionals assigned to support those facilities, allowing us yet another chance to identify any weaknesses or opportunities for improvement in our ongoing compliance programs. The internal environmental audit team also evaluates the risk associated with third-party disposal vendors and helps us ensure we minimize any potential future liabilities.

Our facilities are frequently inspected by local, state, provincial and federal regulatory agencies. Although our facilities have been cited on occasion for regulatory violations, we believe that each facility operates in substantial compliance with all applicable regulations. In fact, various regulators often seek our input to craft solutions to complex environmental issues and training needs. Between agency oversight and our own environmental, health and safety professionals and internal audit function, we believe our facilities are under constant oversight and review which further helps reinforce our culture of compliance.

Competition

In each of our primary service offerings, the sources of competition vary by locality and by type of service rendered, with competition coming from smaller regional or local competitors that offer various environmental solutions. Our main competitors in our oil services offerings are Evergreen in California and Newalta in Vancouver, Canada and our main competitor in industrial cleaning services is Heritage-Crystal Clean in the eastern half of the United States. The principal methods of competition for all of our services are quality of service, price, efficiency, safety and innovative products. We believe our smaller customers are more sensitive to price than the other factors on which we compete. Consequently, while we believe our size and expertise provides advantages to our customers who use our services, we can lose customers to competitors who compete primarily on price.

Seasonality

Our operations may be affected by seasonal fluctuations due to weather cycles influencing the timing of customers' need for services and products. Typically during the first quarter of each year there is less demand for our services and products due to the lower levels of activities by our customers due to the cold weather, particularly in the Northern and Midwestern regions of the United States and in Canada. In addition, factory closings for the year-end holidays reduce the volume of industrial waste generated, which results in lower volumes of waste handled by us during the first quarter of the following year.

Insurance and Financial Assurance

We maintain comprehensive insurance programs covering risks associated with our operations. Our insurance programs cover four principal areas of potential risk: casualty (consisting of automobile, general liability (including products liability) and workers' compensation); environmental exposures; property damage; and financial/fiduciary matters.

Since the early 1980s, casualty insurance policies have typically excluded liability for pollution related exposures. We cover pollution risks with various environmental policies available in the market. Our environmental liability insurance policies cover potential risks in three areas: as a contractor performing services at customer sites; as a transporter of waste; and for waste storage and handling at our facilities and for waste disposal at non-owned facilities. We have contractors' operations and professional services liability insurance of $5.0 million per occurrence and $10.0 million in the aggregate, which covers claims arising out of the performance of services and operations for our customers. In compliance with federal and state regulations that require liability insurance coverage for all facilities that treat, store or dispose of hazardous waste, we have pollution and legal liability remediation insurance, with limits of $20.0 million per occurrence and $60.0 million in the aggregate, with a $1.0 million deductible. This program covers third-party claims for bodily injury, property damage and remediation expenses related to waste materials released from our facilities or caused by our approved vendors who dispose of waste materials for us. Our pollution and legal liability insurance program provides coverage for vehicle accidents involving in-transit wastes, with an aggregate limit of $3.0 million, subject to a $500,000 self insured retention.

We have $200.0 million of comprehensive property insurance for our owned and leased properties and business operations, including boiler and machinery and business interruption coverage. This program has deductibles of up to $500,000, depending upon the type of loss and the nature of the operations at the location, with an aggregate limit of $200.0 million. This program has various sub-limits and higher deductibles for certain types of losses, such as losses resulting from flood and earthquake perils.

Our insurance programs for certain workers' compensation, general liability (including product liability) and automotive liability carry self-insured retentions up to certain limits. Claims in excess of these limits are fully insured. Under our insurance programs, coverage is obtained for catastrophic exposures, as well as those risks required to be insured by law or contract. To reduce our insurance premiums, it is our policy to retain a significant portion of certain expected losses related primarily to employee benefit, workers' compensation, vehicle and general liability (including products liability). Provisions for losses expected under these programs are recorded based upon our estimates of the aggregate liability for claims. We believe that policy cancellation terms are similar to those of other companies in other industries.

Operators of hazardous waste handling facilities are also required by federal and state regulations to provide financial assurance for closure and post-closure care of those facilities should the facilities cease operation. Closure and post-closure costs would include the cost of removing waste from a facility scheduled for closure and sending the material to another facility for disposal and the cost of performing certain procedures for decontamination of the closed facilities. Total closure and post-closure financial assurance required by regulators associated with our operations is approximately $51.2 million. In connection with closure, post-closure and corrective action requirements of certain facility operating permits, we provided financial assurances in the form of insurance policies and performance bonds to the applicable regulatory authorities and also provided letters of credit to our financial assurance provider totaling approximately $21.8 million as of December 29, 2007.

Our ability to continue conducting our industrial waste management operations could be adversely affected if we should become unable to obtain sufficient insurance and/or financial assurance to meet our business and regulatory requirements in the future. The availability of insurance may also be influenced by developments within the insurance industry, although other businesses in the environmental services industry would likely be similarly impacted by such developments.

Intellectual Property

We have invested significantly to develop proprietary technology relating to parts cleaning equipment, oil services and environmental services and to establish and maintain an extensive knowledge of the leading technologies and incorporate these technologies into the various environmental services that we offer and provide to our customers. We currently own 29 patents and patent applications in the United States and 70 patents and patent applications in other countries around the world. We also currently own 61 trademark registrations and pending trademark applications in the United States and 163 trademark registrations and pending trademark registrations in other countries around the world. Our issued patents and trademark registrations are currently in full force and effect. In addition, we license software and other intellectual property from various third parties. We have entered into confidentiality agreements with certain of our employees, consultants and corporate partners, and control access to our trade secrets, software documentation and other proprietary information. We believe that we hold adequate rights to all intellectual property used in our business and that we do not infringe upon any intellectual property rights held by other parties. We own trademark registrations for the Safety-Kleen mark and Safety-Kleen logo in the United States and many countries around the world. The Safety-Kleen mark has become a very valuable asset of the Company and is widely recognized by virtue of the fact that the mark has been used continuously and exclusively for over 40 years in connection with our business.

Employees

We have over 4,300 employees located throughout North America. Less than 1% of our employees are covered by collective bargaining agreements. We believe that we have good relations with our employees.

Legal Proceedings

Our operations are continuously regulated by federal, state, provincial and local laws enacted to regulate the discharge of materials into the environment or to protect the environment. This regulation necessarily results in us frequently becoming a party to judicial or administrative proceedings involving all levels of governmental authorities and other interested parties. The issues that are involved generally relate to applications for permits and licenses by us and our conformity with legal requirements and alleged violations of existing permits and licenses.

Environmental/Regulatory Matters

Superfund. As of December 29, 2007, we were considered a PRP at 23 active Superfund sites. We periodically review our status with respect to each location and the extent of our alleged contribution to the volume of waste at the location, the available evidence connecting us to that location, and the financial soundness of other PRPs at the location. We estimate our probable liability for these Superfund sites, as of December 29, 2007, to be $2.4 million.

New Jersey Natural Resources Damages Claim. In September 2003, the New Jersey Department of Environmental Protection issued Directive No. 1 for the Lower Passaic River to one of our subsidiaries and approximately 40 other recipients. The Directive was issued under the authority of the New Jersey Spill Compensation and Control Act and alleged that the recipients were responsible for discharges that caused or contributed to sediment contamination in the Lower Passaic River. Our alleged liability was related to the former McKesson Envirosystems Company's operations in Newark, New Jersey. Our predecessor company acquired McKesson Envirosystems Company in 1987.

The Directive sought performance of a natural resource damage assessment of the Lower Passaic River watershed, performance of interim compensatory restoration in the watershed and the execution of a single administrative consent order for the watershed. On October 17, 2003, we tendered the Directive for indemnification to McKesson Corporation from whom we acquired McKesson Envirosystems, and in accordance with its contractual obligations McKesson has agreed to assume this liability, defend and indemnify us on this claim. Pursuant to the indemnification, on November 10, 2003, McKesson assumed the defense of this action and filed a response to the Directive asserting good cause defenses. McKesson continues to work with the New Jersey Department of Environmental Protection and the EPA to resolve this matter. We expect to be fully indemnified against liability and defense costs associated with this matter by McKesson, and management believes that the ultimate outcome of this matter will not have a material adverse effect on our financial condition and liquidity.

Franklinville, N.J. Site Remediation. This lawsuit was originally instituted in October 1991. Safety-Kleen (Bridgeport), Inc., or Bridgeport, formerly known as Rollins Environmental Services (NJ) Inc., was first named in the plaintiffs' complaint filed in the Superior Court of New Jersey. The plaintiffs, who own land that used to be the site of a former storage tank farm in Franklinville, New

Jersey and that was found to have soil and groundwater contamination, allege that Bridgeport, along with the other non-insurance defendants, is responsible for the cost of remediating the site. The plaintiffs also sued their insurers for insurance coverage. The lawsuit alleges that Bridgeport leased tanks for storage of waste materials at the site and seeks unspecified compensatory damages to assess and remediate contamination, including poly-chlorinated biphenyl, or PCB, contamination, on the property. The plaintiffs' retained experts have estimated potential cleanup costs to be approximately $5.0 million. Our experts have submitted a remediation plan with a total cost of less than $1.0 million. In September 2003, the plaintiffs were granted relief from the bankruptcy court to lift the automatic stay and proceed with their claim. In the meantime, the plaintiffs continue to pursue their claim against their insurance companies. In August 2004 and again in April 2005, we made a settlement offer of $400,000, which was subsequently withdrawn on May 15, 2005. During 2007, the plaintiffs inquired whether the $400,000 settlement offer remained valid. We informed the plaintiffs that the $400,000 settlement offer was still available for a full release of the Company. We are continuing to have settlement discussions with the plaintiffs. We believe that all potential liabilities associated with this matter have been included in our environmental reserves.

Unwin Avenue/TEDCO Contamination Issue. Our Canadian subsidiary was a tenant on a property located in Toronto from 1988 through 2000. The site is currently owned by the Toronto Economic Development Corporation, or TEDCO, an agency of the City of Toronto. The site has been determined to have significant levels of organic and inorganic contamination, some of which has migrated off-site.

We have been unable to reach an agreement with TEDCO on both the appropriate remedial approach, particularly on-site, as well as the respective allocations of responsibility between TEDCO and us. TEDCO's consultants have estimated the cost of the appropriate remedial work at approximately $5.2 million. Our consultants have estimated these costs to be in the range of $3.1 million. On July 27, 2004, TEDCO indicated it would agree that we were responsible for 40% of the clean-up. A dispute remains between the parties regarding the extent of any clean-up required. At this point, litigation has been threatened but not initiated. In 2005, we commenced settlement discussions with TEDCO, which continue to date. We believe that all potential liabilities associated with this matter have been included in our environmental reserves.

Product Liability Claims

Products Liability Cases. From time to time, we are named as a defendant in various lawsuits that are currently pending in various courts and jurisdictions throughout the United States arising in the ordinary course of business, including 70 proceedings wherein persons claim personal injury resulting from the use of our parts washer equipment and/or cleaning products. These proceedings typically involve allegations that the solvent used in our parts washer equipment contains contaminants and/or that our recycling process does not effectively remove the contaminants that become entrained in the solvent during its use. In addition, certain claimants assert that we failed to adequately warn the product user of potential risks, including the failure to warn that solvent contains toxic or hazardous substances such as benzene. We maintain insurance, which we believe will provide coverage for these claims over amounts accrued for self insured retentions and deductibles. We believe that these claims lack merit and intend to vigorously defend ourselves against any and all such claims. These matters are subject to many uncertainties and outcomes are not predictable with assurance. Consequently, we were unable to ascertain the ultimate aggregate amount of monetary liability or financial impact with respect to these matters as of December 29, 2007.

Indemnification Matters

Clean Harbors. In February 2002, our predecessor company entered into a definitive agreement with Clean Harbors to sell our CSD, excluding certain assets and liabilities. In June 2002, the bankruptcy court approved the sale, which closed in September 2002. As part of the sale, Clean Harbors agreed to assume certain liabilities of our predecessor company. We are continuing to determine with Clean Harbors whether certain claims asserted against our predecessor company are included among the assumed liabilities. There can be no assurance that Clean Harbors will agree on our classification of all claims. In the event that Clean Harbors does not agree on the proposed classification of all claims, and is ultimately successful in its classification, or otherwise does not or is unable to meet its obligations with respect to such claims, such claims could be asserted against us even though such claims related to liabilities of our predecessor company. Since the claims relate to liabilities of our predecessor company, which predecessor company was dissolved in bankruptcy, we do not believe a party asserting such claims against us would be successful. However, if successful, our financial condition and results of operations could be materially and adversely affected.

Employment Matters

California Class Action Claim. Three separate class action suits have been filed in California courts since November 2005 against us alleging unpaid overtime, violations of state wage statement requirements and/or other similar claims. The named plaintiffs are former employees and the various asserted classes appear to include all customer service representatives and truck drivers employed by us in California since November 2002. All three cases are now pending in the United States District Court, Northern District of California.

We dispute the validity of the claims and intend to vigorously defend the cases. On February 14, 2007, the Federal Court issued an order in the *Perez & Doane* case denying class certification without prejudice in that case. The Federal Court dismissed the *Stegall* case with prejudice on June 27, 2007. In the *Wamboldt* case, on August 21, 2007, the Federal Court granted us summary judgment as to certain commission claims, denied summary judgment as to overtime claims and granted plaintiffs' motion for class certification. On September 10, 2007, the Federal Court granted our Motion to Reconsider the August ruling and stayed any class action proceeding. A hearing to reconsider was held on October 31, 2007. On March 17, 2008, the Court issued an order denying Safety-Kleen's Motion for Reconsideration and Motion for Summary Judgment; however, the Court also specifically provided that one additional dispositive motion may be filed no later than 120 days prior to an eventual trial date, which has not been scheduled at this time. The Court also specifically stated that all discussion in the Order of the legal standard applicable to the overtime exemption issue is dicta and not a final conclusion on the matter. Active discovery is continuing in the two remaining cases. We believe that the ultimate outcome of these proceedings should not have a material adverse effect on our financial condition and liquidity.

Other Legal Matters

We are party to various other general legal proceedings that arise in the ordinary course of business. While the results of these other additional matters cannot be predicted with certainty, we currently believe that losses, if any, resulting from the ultimate resolution of these other additional matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ENVIRONMENTAL REGULATION

While our business has benefited substantially from increased governmental regulation of hazardous waste transportation, storage and disposal, the environmental services industry itself has become the subject of extensive and evolving regulation by federal, state, provincial and local authorities. We are required to obtain federal, state, provincial and local permits or approvals for each of our hazardous waste facilities. Such permits are difficult to obtain and, in many instances, extensive studies, tests and public hearings are required before the approvals can be issued. We have acquired all operating permits and approvals now required for the current operation of our business, and have applied for, or are in the process of applying for, all permits and approvals needed in connection with continued operation and planned expansion or modifications of our operations.

We make a continuing effort to anticipate regulatory, political and legal developments that might affect operations, but are not always able to do so. We cannot predict the extent to which any environmental legislation or regulation that may be enacted or enforced in the future may affect our operations.

Federal Regulation of Hazardous Waste

The most significant federal environmental laws affecting us are RCRA, Superfund, the Clean Air Act, the Clean Water Act and the Toxic Substances Control Act, or TSCA.

RCRA. RCRA is the principal federal statute governing hazardous waste generation, treatment, transportation, storage and disposal. Pursuant to RCRA, the EPA has established a comprehensive "cradle-to-grave" system for the management of a wide range of materials identified as hazardous or solid waste. States that have adopted hazardous waste management programs with standards at least as stringent as those promulgated by the EPA have been delegated authority by the EPA to administer their facility permitting programs in lieu of the EPA's program.

Every facility that treats, stores or disposes of hazardous waste must obtain a RCRA permit from the EPA or an authorized state agency, unless a specific exemption exists, and must comply with certain operating requirements. Under RCRA, hazardous waste management facilities in existence on November 19, 1980 were required to submit a preliminary permit application to the EPA, the so-called Part A Application. By virtue of this filing, a facility obtained interim status, allowing it to operate until licensing proceedings are instituted pursuant to more comprehensive and exacting regulations (the Part B permitting process). Interim status facilities may continue to operate pursuant to the Part A Application until their Part B permitting process is concluded.

RCRA requires that Part B permits contain provisions for required on-site study and cleanup activities, known as "corrective action," including detailed compliance schedules and provisions for assurance of financial responsibility. We believe each of our operating facilities complies in all material aspects with the applicable requirements. See "Business—Legal Proceedings—Environmental/Regulatory Matters," for a discussion of our environmental liabilities. See "Business—Insurance and Financial Assurance" for a discussion of our financial assurance requirements.

Superfund. Superfund is the primary federal statute regulating the cleanup of inactive hazardous substance sites and imposing liability for cleanup on the responsible parties. It also provides for immediate response and removal actions coordinated by the EPA to releases of hazardous substances into the environment, and authorizes the government to respond to the release or threatened release of hazardous substances or to order responsible persons to perform any necessary cleanup. The statute can be applied retroactively and provides for strict, and in certain cases, joint and several liability for these responses and other related costs, and for liability for the cost of damages to natural resources, to the parties involved in the generation, transportation and disposal of such hazardous substances. Under the statute, we may be deemed liable as a generator or transporter of a hazardous substance which is released into the environment, or as the owner or operator of a facility from which there is a release of a hazardous substance into the environment. See in the notes to our audited financial statements included in this prospectus "—Summary of Significant Accounting Policies—Environmental Liabilities."

The Clean Air Act. The Clean Air Act was passed by Congress to control the emissions of pollutants into the air and requires permits to be obtained for certain sources of toxic air pollutants such as vinyl chloride, or criteria pollutants, such as carbon monoxide. In 1990, Congress amended the Clean Air Act to require further reductions of air pollutants with specific targets for non-attainment areas in order to meet certain ambient air quality standards. These amendments also require the EPA to promulgate regulations, which (i) control emissions of 189 hazardous air pollutants; (ii) create uniform operating permits for major industrial facilities similar to RCRA operating permits; (iii) mandate the phase-out of ozone depleting chemicals; and (iv) provide for enhanced enforcement.

The Clean Air Act requires the EPA, working with the states, to develop and implement regulations, which result in the reduction of volatile organic compound emissions and emissions of nitrogen oxides in order to meet certain ozone air quality standards specified by the Clean Air Act. We believe each of our operating facilities complies in all material respects with the applicable requirements.

The Clean Water Act. This legislation prohibits discharges into the waters of the United States without governmental authorization and regulates the discharge of pollutants into surface waters and sewers from a variety of sources, including disposal sites and treatment facilities. The EPA has promulgated "pretreatment" regulations under the Clean Water Act, which establish pretreatment standards for introduction of pollutants into publicly owned treatment works, or POTWs. In the course of the treatment process, our wastewater treatment facilities generate wastewater, which we discharge to POTWs pursuant to permits issued by the appropriate governmental authority. We are required to obtain discharge permits and conduct sampling and monitoring programs. We believe each of our operating facilities complies in all material respects with the applicable requirements.

TSCA. We also operate a network of collection, treatment and field services (remediation) activities throughout North America that are regulated under provisions of the TSCA. TSCA established a national program for the management of substances classified as PCBs, which include waste PCBs as well as RCRA wastes contaminated with PCBs. The rules set minimum design and operating requirements for storage, treatment and disposal of PCB wastes. Since their initial publication, the rules have been modified to enhance the management standards for TSCA-regulated operations including the decommissioning of PCB transformers and articles; detoxification of transformer oils; incineration of PCB liquids and solids; landfill disposal of PCB solids; and remediation of PCB contamination at customer sites.

In our transportation operations, we are regulated by the U.S. Department of Transportation, the Federal Railroad Administration, the Federal Aviation Administration and the U.S. Coast Guard, as well as by the regulatory agencies of each state in which we operate or through which our vehicles pass.

Health and safety standards under the Occupational Safety and Health Act, or OSHA, are applicable to all of our operations. We believe we are in compliance in all material respects with the applicable requirements of such standards.

State and Local Regulations

Pursuant to the EPA's authorization of their RCRA equivalent programs, a number of states have regulatory programs governing the operations and permitting of hazardous waste facilities.

Accordingly, the hazardous waste treatment, storage and disposal activities of a number of our facilities are regulated by the relevant state agencies in addition to federal EPA regulation.

Some states classify as hazardous some wastes that are not regulated under RCRA. For example, California considers used oil as "California hazardous wastes" while RCRA does not. Accordingly, we must comply with state requirements for handling state regulated wastes, and, when necessary, obtain state licenses for treating, storing, and disposing of such wastes at our facilities.

We believe that each of our facilities is in substantial compliance with the applicable requirements of federal and state laws, the regulations thereunder, and the licenses which we have obtained pursuant thereto. Once issued, such licenses have maximum fixed terms of a given number of years, which differ from state to state, ranging from three years to ten years. The issuing state agency may review or modify a license at any time during its term. We anticipate that once a license is issued with respect to a facility, the license will be renewed at the end of its term if the facility's operations are in compliance with applicable requirements. However, there can be no assurance that regulations governing future licensing will remain static, or that we will be able to comply with such requirements.

Our facilities are regulated pursuant to state statutes, including those addressing clean water and clean air. Local sewer discharge and flammable storage requirements are applicable to certain of our facilities. Our facilities are also subject to local siting, zoning and land use restrictions. Although our facilities occasionally have been cited for regulatory violations, we believe we are in material compliance with all federal, state and local laws regulating our business.

Canadian Hazardous Waste Regulation

In Canada, the provinces retain control over environmental issues within their boundaries and thus have the primary responsibility for regulating management of hazardous wastes. The federal government regulates issues of national scope or where activities cross provincial boundaries.

Provincial Regulations. To a greater or lesser extent, provinces have enacted legislation and developed regulations to fit their needs. Most of Canada's industrial development and the major part of its population can be found in four provinces: Ontario, Quebec, Alberta and British Columbia. It is in these provinces that the most detailed environmental regulations are found.

The main provincial acts dealing with hazardous waste management are:

- Ontario—Environmental Protection Act;
- Quebec—Environmental Quality Act;
- Alberta—Environmental Protection and Enhancement Act; and
- British Columbia—Waste Management Act.

These pieces of legislation were developed by the provinces independently and, among other things, generally control the generation, characterization, transport, treatment and disposal of hazardous wastes. Regulations developed by the provinces under the relevant legislation are also developed independently, but are often quite similar in effect and sometimes in application. For example, there is some uniformity in manifest design and utilization.

Provincial legislation also provides for the establishment of waste management facilities. In this case, the facilities are also controlled by provincial statutes and regulations governing emissions to air, groundwater and surface water and prescribing design criteria and operational guidelines.

Waste transporters require a permit to operate under provincial waste management regulations and are subject to the requirements of the Federal Transportation of Dangerous Goods legislation. They are required to report the quantities and disposition of materials shipped.

Within the provincial regulations, definitions of hazardous wastes are quite similar. Wastes can be defined as hazardous based on origin or characteristic and the descriptions or parameters involved are very similar to those in effect in the United States. A major difference between the United States regulatory regime and those in Canada relates to ownership and liability. Under Canadian provincial regulations, ownership changes when waste is transferred to a properly permitted third party carrier and subsequently to an approved treatment and disposal facility. This means that the generator is no longer liable for improper handling, treatment or disposal, responsibility having been transferred to the carrier or the facility. Exceptions may occur if the carrier is working under contract to the generator or if the waste is different from that which was originally contracted among the parties.

Canadian Federal Regulations. The federal government has authority for those matters which are national in scope and in impact and for Canada's relations with other nations. The main federal laws governing hazardous waste management are:

- Canadian Environmental Protection Act (1999), or CEPA 99, and
- Transportation of Dangerous Goods Act.

Environment Canada is the federal agency with responsibility for environmental matters and the main legislative instrument is the Canadian Environmental Protection Act. This act charges Environment Canada and Health Canada with protection of human health and the environment and seeks to control the production, importation and use of substances in Canada and to control their impact on the environment.

The Export and Import of Hazardous Wastes Regulations under CEPA 99 control the export and import of hazardous wastes and hazardous recyclable materials. By reference, these regulations incorporate the Transportation of Dangerous Goods Act and Regulations, which address identification, packaging, marking and documentation of hazardous materials during transport.

Canadian Local and Municipal Regulations. Local and municipal regulations seldom reference direct control of hazardous waste management activities. Municipal regulations and by-laws, however, control such issues as land use designation, access to municipal services and use of emergency services, all of which can have a significant impact on facility operation.

Compliance with Environmental Regulations

We incur costs and make capital investments in order to comply with environmental regulations that require us to remediate contaminated sites, operate our facilities in accordance with enacted regulations, obtain required financial assurance for closure and post-closure care of our facilities when such facilities cease operations, and make capital investments in order to keep our facilities in compliance with environmental regulations.

As further discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Regulatory Matters," we have recorded environmental liabilities of approximately $58.7 million as of December 29, 2007, of which $3.3 million is included in accrued other liabilities in the consolidated balance sheets as liabilities related to assets held for sale. For the years ended December 30, 2006 and December 29, 2007, we spent $4.6 million and $4.9 million, respectively, to address environmental liabilities.

As discussed more fully above under "Business—Insurance and Financial Assurance," we are required to provide financial assurance with respect to certain statutorily required closure, post-closure and corrective action obligations at our facilities. We have placed most of the required financial assurance for facility closure and post-closure monitoring with an insurance company. In addition to the direct cost of the financial assurance policy, the policy requires that we provide letters of credit of approximately $16.9 million as collateral for the policy.

As described in Note 2 to our audited consolidated financial statements included in this prospectus under "—Summary of Significant Accounting Policies—Environmental Liabilities," from time to time, we are involved in legal proceedings arising under environmental laws and regulations. Alleged failure to comply with laws and regulations may lead to the imposition of fines or the denial, revocation or delay of the renewal of permits and licenses by governmental entities. In addition, such governmental entities, as well as surrounding landowners, may claim that we are liable for environmental damages. Citizens groups have become increasingly active in challenging the grant or renewal of permits and licenses for hazardous waste facilities, and responding to such challenges has further increased the costs associated with establishing new facilities or expanding current facilities. A significant judgment against us, the loss of a significant permit or license or the imposition of a significant fine could have a material adverse effect on our business and future prospects.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information with respect to our named executive officers and directors and other key employees as of April 30, 2008:

Name	Age	Position
Frederick J. Florjancic, Jr.	61	CEO, President and Director
Steve Grimshaw	44	Executive Vice President, West Group
Dennis McGill	59	Executive Vice President and Chief Financial Officer
David M. Sprinkle	54	Executive Vice President, East Group
T.R. Tunnell	54	Executive Vice President, Corporate Secretary and General Counsel
Ronald W. Haddock(2)	67	Director
David Samuel Coats(1)(3)	67	Director
Patrick H. Daugherty(2)(3)	41	Director
R. Randolph Devening(1)(2)	66	Director
Matthew Kaufman(2)(3)	37	Director
Jason Mudrick(3)	33	Director
Richard B. Neff(1)(2)(3)	59	Director
Gregory J. Stuecheli	35	Director

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(1) Audit and Compliance Committee

(2) Governance, Nominating and Environmental, Health and Safety, or EHS, Committee

(3) Human Resources and Compensation Committee

Each officer serves at the discretion of our board of directors and holds office until his or her successor is elected and qualified or until his or her earlier resignation or removal.

The following sets forth certain biographical information with respect to our executive officers and directors who will be serving upon completion of this offering:

Frederick J. Florjancic, Jr. joined us in June 2004, as CEO, President and director. Mr. Florjancic joined our company from SPX Corp., of Charlotte, North Carolina, where he served as President of its Specialty Engineered Products Group since 2001, and was responsible for six companies that manufacture industrial filters, hydraulics and capital equipment. Prior to SPX, he spent 15 years with Brunswick Corp., beginning in 1985 as Vice President of Finance and Treasurer, and later serving as Global President and CEO of the Indoor Recreation Group. Mr. Florjancic holds Bachelor of Science and MBA degrees from Indiana University, and is a graduate of the Advanced Management Program at Harvard University's Graduate School of Business. He also serves on the board of directors of Elkay Manufacturing Company.

Steve Grimshaw joined us in 1999 and became Executive Vice President, West Group in January 2007. Mr. Grimshaw served as Executive Vice President, Branch Sales and Service from January 2004 through December 2006. Prior to that time, he served in various capacities, including Senior Vice President/General Manager - South Region, Senior Vice President, Branch Sales and Marketing, and Senior Vice President, Business Management and Marketing. Before joining us, Mr. Grimshaw spent almost a decade in the motor oil and environmental services business with Valvoline/First Recovery, divisions of Ashland Oil, Inc. Mr. Grimshaw received his bachelor's degree in Political Science from the University of South Carolina.

Dennis McGill joined us in April 2005 as Executive Vice President and Chief Financial Officer. Mr. McGill served as Executive Vice President and Chief Financial Officer of GAB Robins Groups of

Companies, a global financial services company and the second largest independent loss adjusting company, from October 2002 to April 2005. Mr. McGill has also served as Chief Financial Officer of national and international retail companies, including Hastings Entertainment, Inc. from August 1995 until October 1999 and Starboard Cruiseline Services from October 1999 until April 2000 and as Executive Vice President of Savers, Inc. from April 2000 until January 2002. Mr. McGill obtained his BS in Business Administration and MBA from the University of California at Berkley, and is a registered CPA in California.

David M. Sprinkle became Executive Vice President, East Group in January 2007 and was Executive Vice President, Operations of the Company from October 2002 through December 2006. Mr. Sprinkle has been employed by the Company or our Predecessor Company since December 1980. From November 2001 through October 2002 he was Chief Operating Officer of the Company. He was also President of the Chemical Services Division from May 2000 through November 2001. Prior to that time, since October 1997 he served in various capacities, including Senior Vice President of Operations, Senior Vice President of the Eastern Division, Senior Vice President of the Southern Division and Senior Vice President of Sales and Services. Mr. Sprinkle received his BS in Business Administration from Virginia Polytechnic Institute and State University in 1976.

T.R. Tunnell joined us in October 2004 as Executive Vice President and General Counsel from Fossil, Inc., a publicly-held international manufacturer of watches, leather goods and other accessories where he had served in several legal and executive capacities since 1993. Mr. Tunnell was also previously Vice President and General Counsel at Pillowtex Corp., a Dallas-based manufacturer and marketer of pillows and bedding products and Vice President, Legal at Mary Kay Cosmetics, Inc. Mr. Tunnell received his Bachelor of Arts degree from East Texas State University and his Juris Doctor from Southern Methodist University.

Ronald W. Haddock has served as one of our directors since December 2003 and has been Chairman and Chief Executive Officer of the Board of Ashmore Energy International since August 2003. Mr. Haddock was previously Chairman and CEO of Prisma Energy International and President and CEO of Dallas-based FINA, Inc., and prior to that, he served in executive positions with Exxon. He currently serves on the boards of numerous companies, including Adea Solutions, Inc., Alon Energy and Southwest Securities, Inc. He is non-executive Chairman of our board of directors, and also serves as Chairman of the governance, nominating and EHS committee.

David Samuel Coats has served as one of our directors since December 2003 and most recently served from June 2004 to March 2006 as President and CEO of Schlotzsky's, Inc, where he successfully led a financial restructuring and sale of the company. Prior to that, from January 2002 until June 2004, he acted as a business and aviation consultant. He previously held leadership positions in the airline industry, including CEO positions at Muse Air and Southern Cross Airlines. He also served as President and CEO of Adventure Tours USA, owned by The Sammons Travel Group, and PROS Revenue Management. He also serves on the board of Texas Industries, Inc.

Patrick H. Daugherty has served as one of our directors since June 2006 and is a partner and the Head of Special Situations Investing at Highland Capital Management, L.P., our largest stockholder. His responsibilities include managing the Distressed Investments Group and co-managing the Private Equity Investments Group. He has formerly served as General Counsel to Highland. Prior to joining Highland in April of 1998, Mr. Daugherty served as Vice President in the Corporate Finance Group at Bank of America Capital Markets, Inc. (formerly NationsBanc Capital Markets, Inc.) where he originated and structured leveraged transactions of mid-cap companies located in the Southwest. Mr. Daugherty has over 15 years of experience in distressed, high yield and corporate restructuring. He has been involved in over 100 restructurings and held steering committee positions in over 50 bankruptcies. Mr. Daugherty currently serves on the board of directors of Trussway Holdings, Inc. and its affiliates (as Chairman) and Home Interiors & Gifts, Inc. and its affiliates (as Chairman), and is a former board member of Norse Merchant Group and its affiliates, Ferrimorac Holdings Limited and Mariner Health Care, Inc. He received a BBA in Finance from The University of Texas at Austin and a Juris Doctorate from The University of Houston School of Law.

R. Randolph Devening has served as one of our directors since December 2003 and prior to his retirement in 2001, served as CEO, President and Chairman of Foodbrands America. He is currently a board member for Penford Corp. and BancTec Corp. Mr. Devening is Chairman of our audit and compliance committee.

Matthew Kaufman has served as one of our directors since December 2003 and is a Senior Managing Director at GSC Group, a registered investment advisor with $22.2 billion of assets under management, as of December 31, 2007, and one of our stockholders. He has served at GSC Group or its predecessor company since 1997. He is currently the Chairman of the Board of Aeromet Holdings Inc. and a director of Atlantic Express Transportation Group, Burke Industries, Inc., Dukes Place Holdings Limited, Seaton Insurance Company and Stonewall Insurance Company.

Jason Mudrick has served as one of our directors since October 2005 and is a portfolio manager at Contrarian Capital Management, L.L.C., a $5.0 billion investment management firm based in Greenwich, CT, and one of our stockholders. Prior to joining Contrarian in 2001, Mr. Mudrick was an associate in the Mergers and Acquisitions Investment Banking Group at Merrill Lynch & Co. He has an undergraduate degree in political science from the University of Chicago and a Juris Doctorate from Harvard Law School. He is a member of the New York State Bar. Mr. Mudrick has also served on the Board of Directors of Integrated Alarm Services Group, Inc., Salton, Inc. and Rotech Healthcare Inc.

Richard B. Neff has served as one of our directors since December 2003 and is currently the President and Chief Executive Officer of Las Plumas Lumber and Truss Company, LLC, and RBN Investments, Inc. RBN Investments, Inc. is the managing general partner of Las Plumas Partners LP and Rose-WR Partners LP, both investment partnerships. Recently, Mr. Neff retired as Co-Chairman of the Board and Chief Executive Officer of Di Giorgio Corporation where he served since 1990. Mr. Neff is Chairman of our human resources and compensation committee.

Gregory J. Stuecheli has served as one of our directors since June 2006 and is a Partner at Highland Capital Management, L.P., an investment firm, and our largest stockholder. Prior to joining Highland, Mr. Stuecheli served as analyst for Gryphon Management Partners, LP from 2000 to 2002. His primary responsibilities included researching long and short investment ideas. From 1995 to 1998, Mr. Stuecheli worked as a chemical engineer at Jacobs Engineering Group and Cytec Industries. He received a BS in Chemical Engineering from Rensselaer Polytechnic Institute and an MBA from Southern Methodist University. He has earned the right to use the Chartered Financial Analyst Designation.

Board of Directors and Board Committees

All of the members of our board of directors are independent, except for Mr. Florjancic. The term of office for each director will be until his successor is elected or appointed, with elections for each directorship being held annually.

Our board of directors currently has three committees: an audit and compliance committee; a governance, nominating and EHS committee; and a human resources and compensation committee. All the members of each of our committees are "independent" as defined by the rules of the NYSE and the SEC.

Audit and Compliance Committee

The audit and compliance committee, among other things, provides assistance to our board of directors with respect to matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions. The audit and compliance committee's responsibilities include oversight of the integrity of our consolidated financial statements, our compliance with legal and regulatory requirements, our independent auditors' qualifications and independence, and the performance of our independent auditors and our internal audit function. The current members of our audit and compliance committee are R. Randolph Devening (Chairman), David Samuel Coats and Richard B. Neff. Each member of the audit and compliance committee must be financially literate. R. Randolph Devening is an "audit committee financial expert" as that term is defined under SEC rules.

Governance, Nominating and EHS Committee

The governance, nominating and EHS committee provides assistance to our board of directors in, among other things, identifying individuals qualified to become our directors and selecting, or recommending that our board of directors select, nominees for our board of directors. The governance, nominating and EHS committee is also responsible for corporate governance, our compliance with legal and regulatory requirements, our charitable contributions and our involvement in legislative affairs. Prior to the consummation of this offering, the governance, nominating and EHS committee will formalize a set of corporate governance principles, which will be adopted by our board of directors. In addition, our governance, nominating and EHS committee provides assistance to our board of directors in fulfilling its responsibilities with respect to its oversight of our policies and procedures for managing environmental protection and employee occupational health and safety. The current members of the governance, nominating and EHS committee are Ronald W. Haddock (Chairman), Patrick H. Daugherty, R. Randolph Devening, Matthew Kaufman and Richard B. Neff.

Human Resources and Compensation Committee

The human resources and compensation committee of our board of directors reviews and approves our compensation philosophy as well as the various compensation components provided to certain of our senior executives, including our named executive officers, and reports to the board of directors. Specifically, the human resources and compensation committee has the responsibility to assure that (1) our senior executives are compensated effectively, and in a manner that is consistent with our compensation strategy, taking into account internal equity considerations, competitive practices and the requirements of the appropriate regulatory bodies, and (2) total compensation levels are reasonable, taking into account all relevant factors.

The human resources and compensation committee also periodically reviews and approves the granting of employee stock options and makes recommendations to our board of directors for new or material changes to existing employee benefit plans. Finally, the human resources and compensation committee conducts an assessment of the performance of the Chief Executive Officer, or the CEO, at least annually.

The current members of the human resources and compensation committee are Richard B. Neff (Chairman), David Samuel Coats, Patrick H. Daugherty, Matthew Kaufman and Jason Mudrick. No director may serve on the human resources and compensation committee unless he or she is a "non-employee director" as defined in Rule 16b-3 under the Exchange Act and satisfies the requirements of an "outside director" for purposes of Section 162(m) of the Code.

Compensation Committee Interlocks and Insider Participation

The current compensation of our executive officers was determined by the human resources and compensation committee. None of the members of our human resources and compensation committee are, or have been, an employee of our company. During fiscal year 2007, no member of our human resources and compensation committee had any relationship with our company requiring disclosure under Item 404 of Regulation S-K. None of our executive officers or members of our board of directors has served as a member of a compensation committee (or if no committee performs that function, the board of directors) of any other entity that has an executive officer serving as a member of our board of directors or human resources and compensation committee.

Limitations on Liability and Indemnification of Officers and Directors

Our certificate of incorporation limits the liability of directors and officers to the maximum extent permitted by the Delaware General Corporation Law, or DGCL. The DGCL provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability for:

- any breach of their duty of loyalty to the corporation or its stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

The limitation of liability does not apply to liabilities arising under the federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our certificate of incorporation provides that we will indemnify our directors and officers and may indemnify our employees and other agents to the fullest extent permitted by law. We believe that indemnification under our certificate of incorporation covers at least negligence and gross negligence on the part of indemnified parties. Our certificate of incorporation also permits us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in his or her capacity as an officer, director, employee or other agent.

The limited liability and indemnification provisions in our certificate of incorporation may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty and may reduce the likelihood of derivative litigation against our directors and officers, even though a derivative action, if successful, might otherwise benefit us and our stockholders. A stockholder's investment in us may be adversely affected to the extent we pay the costs of settlement or damage awards against our directors and officers under these indemnification provisions.

At present, there is no pending litigation or proceeding involving any of our directors, officers or employees in which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, officers and controlling persons of us pursuant to the foregoing provisions or otherwise, we have been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Voting Agreement

We entered into a voting agreement with affiliates of certain of our stockholders, including Contrarian Capital Management, GSC Group, Highland Capital Management and JPMorgan Chase to provide for certain matters with respect to our board of directors and our capital stock. The voting agreement provides that any such stockholder who owns 20% or more of our common stock shall be entitled to designate two directors to our board of directors and any such stockholder who owns between 5% and 20% of our common stock shall be entitled to designate one director to our board of directors or one board observer. The voting agreement terminates upon the consummation of this offering. See "Certain Relationships and Related Party Transactions—Voting Agreement."

COMPENSATION DISCUSSION AND ANALYSIS

Overview of Compensation Program

Throughout this registration statement, the individuals who served as our CEO and Chief Financial Officer during fiscal year 2007, as well as our three other most highly compensated officers, are referred to as the "named executive officers."

The human resources and compensation committee of our board of directors, reviews and approves our compensation philosophy as well as the various compensation components provided to certain of our senior executives, including our named executive officers, and reports to the board of directors. Specifically, the human resources and compensation committee has the responsibility to assure that (1) our senior executives are compensated effectively, and in a manner that is consistent with our compensation strategy, taking into account internal equity considerations, competitive practices, and the requirements of the appropriate regulatory bodies, and (2) total compensation levels are reasonable, taking into account all relevant factors.

The human resources and compensation committee also periodically reviews and approves the granting of employee stock options and makes recommendations to our board of directors for new or material changes to existing employee benefit plans. Finally, the human resources and compensation committee conducts an assessment of the performance of the CEO at least annually.

Compensation Philosophy and Objectives

The human resources and compensation committee believes that the most effective compensation program is one that includes both cash and equity based compensation and that is designed to reward the achievement of pre-established goals, which are designed to align executive officers' interests with the interests of stockholders and to ultimately improve stockholder value. Specifically, we, together with the human resources and compensation committee, establish specific annual goals intended to reward performance that meets or exceeds these goals. In addition, the human resources and compensation committee evaluates both performance and compensation to ensure that we preserve our ability to attract and retain superior employees in key positions and that compensation provided to key employees remains competitive relative to the compensation paid to similarly situated executives of similar companies.

Role of Executive Officers in Compensation Decisions

The human resources and compensation committee makes all compensation decisions regarding the executive officers, including the named executive officers, and approves recommendations from our CEO regarding certain equity awards to other employees. In addition, our board of directors has delegated to our CEO the authority to grant stock options to new employees as well as to make discretionary grants from a pool designated by our board of directors for this purpose and from forfeitures resulting from expired or terminated awards. Following our initial public offering, we will re-evaluate this delegation. In addition, decisions regarding non-equity compensation provided to certain employees, but not including the CEO and other executive officers, may be made by the CEO.

The CEO annually reviews the performance of each executive officer (other than himself). His conclusions and recommendations based on these reviews, including with respect to salary adjustments and annual award amounts, are then presented to the human resources and compensation committee, which may exercise its discretion in modifying any recommended adjustments or awards to the executive officers.

Setting Executive Compensation

Based on the foregoing objectives, the human resources and compensation committee has structured our annual and long-term incentive based cash and non-cash executive compensation to motivate executives to achieve the pre-established business goals and reward the executive officers for achieving these goals. Historically, we have sought the advice of outside compensation consultants, and, in furtherance of its goals, the human resources and compensation committee has recently engaged Mercer Human Resources Consulting, or Mercer, an outside global human resources consulting firm, to conduct a review of its total compensation program for the CEO and our other executive officers. Mercer has been providing the human resources and compensation committee with relevant market data and alternatives to consider when making compensation decisions and the human resources and compensation committee has considered this information. The human resources and compensation committee has not yet identified the peer group that it will use to benchmark the compensation to be paid to executive officers following our initial public offering. It should be noted that Mercer does not provide compensation consulting services to management, but rather only provides services to the human resources and compensation committee. However, management has obtained separate compensation consulting services from time to time.

2007 Executive Compensation Components

For fiscal year 2007, the principal components of compensation to the named executive officers were:

- Base salary;

- Annual bonuses both under the Management Incentive Plan, or the MIP, under which performance-based bonuses are paid if pre-established objectives are achieved and discretionary bonuses; and

- Other personal benefits on a very limited basis.

Mercer reviewed the base salary, bonus and long-term compensation of several officers, including the named executive officers, as compared to a direct peer group of eight companies that are both similar in size and business to us, and then gave some consideration to certain other companies that management had used for benchmarking in the past. The companies in the direct peer group are: Republic Services, Inc., Valhi Inc., Covanta Holding Corporation, Waste Connections Inc., Clean Harbors Inc., Stericycle Inc., Casella Waste Systems Inc. and Waste Services Inc. The additional companies taken into account for this purpose include: Waste Management Inc., Allied Waste Industries, Inc., Ecolab Inc., Cintas Corporation, FirstService Corporation, Comfort Systems USA, Inc., Rollins Inc., G&K Services Inc., UniFirst Corporation and Newalta Income Fund. The market data used by the human resources and compensation committee for purposes of determining these three components of compensation for the named executive officers is based on the compensation of executives of the companies in both groups.

Base Salary

We provide our named executive officers and other employees with base salaries to compensate them for services rendered during the fiscal year. Base salary ranges for named executive officers are determined for each executive based on his or her position and level of responsibility and by using market data. These salary ranges are designed so that salary opportunities for a given position will generally be between 80% and 120% of the midpoint of the base salary established for each range.

Salary levels are typically reviewed annually as part of our performance review process as well as upon promotion or other changes in job responsibility. During its review of base salaries for executives, the human resources and compensation committee considers: market data provided by Mercer; internal review of the executive's compensation, both individually and relative to other executive officers; and the individual performance and the experience of the executive. Merit based increases to salaries for the executive officers are based on the human resources and compensation committee's assessment of individual performance. The human resources and compensation committee did not make any adjustments to the named executive officers' base salaries in fiscal year 2007. For more information, see the "Summary Compensation Table" on page 91.

Management Incentive Program (MIP)

We have adopted the MIP which is an annual cycle, short-term incentive plan that provides cash remuneration intended to reward each participant, including the named executive officers, for favorable corporate performance and the participant's achievement of personal goals and objectives. The MIP provides guidelines for calculating this compensation, subject to human resources and compensation committee oversight and modification. The MIP includes various incentive levels based on the participant's level of responsibility and impact on our operations with target award opportunities that are established as a percentage of base salary. At target performance levels, these targets range from 67% to 100% of the named executive officer's base salary. For performance levels above target, the range is from 67% to 200% of the respective base salaries of the named executive officers other than the CEO, and from 100% to 300% of the CEO's base salary.

In this regard, at the beginning of each year, the human resources and compensation committee sets Plan, Plan+, and Plan++ levels for each component of the corporate financial objectives portion of the MIP. Payment of awards under the MIP is then based upon the achievement of such objectives in the current fiscal year and, to the extent these targets are achieved, payment is expected to be made by the seventy-fifth (75th) day following the end of the current fiscal year. For the 2007 fiscal year, 75% of the named executive officers' MIP award was based upon achievement of corporate financial objectives related to Adjusted EBITDA (as described later under "Description of Senior Secured Credit Facility—Covenants") and the remaining 25% of the executive's award was, for our named executive officers other than our CEO, based upon individual performance objectives as established by the CEO and approved by the human resources and compensation committee. For our CEO, the MIP award was based on our performance and objectives established by the human resources and compensation committee.

The corporate financial objective for the 2007 MIP target award required us to earn in fiscal year 2007 $119.3 million, $126.4 million and $133.7 million Adjusted EBITDA, at Plan (or threshold), Plan+ (or target) and Plan++ (or maximum) levels, respectively. Specific individual goals were established by management and approved by the human resources and compensation committee for each executive other than the CEO based on key strategic, financial, compliance, and operational metrics. The CEO's individual goal percentage was based on the average percentage of achievement of the individual goals by all senior managers reporting to him.

For the 2007 MIP year, the named executive officers participating in the MIP were eligible to receive:

- No payment if we achieved less than the Plan performance level of Adjusted EBITDA;
- A payment of at least 67%, but less than 133% of base salary, or 100% but less than 200% of base salary with respect to the CEO, if we achieved or exceeded the Plan Adjusted EBITDA performance level but did not achieve the Plan+ performance level;
- A payment of at least 133% but less than 200% of base salary, or 200% but less than 300% of base salary with respect to the CEO, if we achieved or exceeded the Plan+ Adjusted EBITDA performance level but did not attain the Plan++ performance level; and
- A payment of 200% of base salary, or 300% of base salary with respect to the CEO, if we achieved or exceeded the Plan++ Adjusted EBITDA performance level.

Upon completion of the fiscal year, the human resources and compensation committee assessed our performance against the corporate financial objectives of the MIP comparing the actual fiscal year results to the pre-determined performance levels.

These performance goals are intended to be challenging, and in fiscal years 2007 and 2008, we set goals that are significantly more challenging than in prior years. Over the past three years, we have achieved performance at the following levels for all MIP participants:

- Our performance for fiscal year 2005 was slightly above the Plan performance level and resulted in a 104% MIP payout;
- Our performance in fiscal year 2006 was above the Plan++ performance level and resulted in a 200% MIP maximum payout for participants who did not elect to receive stock options in lieu of 40% of the MIP payout. In March 2006, a select group of MIP participants were afforded the opportunity to receive stock options in lieu of 40% of any potential MIP payout for fiscal year 2006. Any MIP participants who elected to receive stock options received a 120% MIP payout, instead of a 200% MIP payout. All of our named executive officers elected to receive stock options and, thus, received a 120% MIP payout; and
- As discussed below, our performance in fiscal year 2007 was below the Plan performance level. However, in light of strong individual performance by our executives during 2007 and considerable progress that was made toward our overall goals, including achieving Adjusted EBITDA of $116.6 million, the human resources and compensation committee awarded discretionary bonuses, described below, which resulted in a MIP payout equal to approximately 55% of the executives' (other than the CEO's) annual base salaries and approximately 80% of the CEO's annual base salary.

In making the annual determination of the Plan, Plan+, and Plan++ performance levels, the human resources and compensation committee may consider the specific circumstances facing us during the coming year. Adjusted EBITDA targets are set in alignment with our strategic plan and expectations for growth and profitability.

The corporate financial objective for the 2007 MIP target award required us to earn in 2007 Adjusted EBITDA of $119.3 million, $126.4 million and $133.7 million, at Plan, Plan+ and Plan++ performance levels, respectively. None of these performance levels were achieved for fiscal year 2007. However, in December 2007, the human resources and compensation committee established a $4.0 million bonus pool for all employees participating in the MIP, $1.3 million of which was made available to executive management, including the named executive officers, to grant discretionary bonuses so long as we earned Adjusted EBITDA of $116.0 million in fiscal year 2007. Since we earned $116.6 million Adjusted EBITDA in fiscal year 2007, the human resources and compensation committee allocated the bonus pool among the executive management applying a factor of 82.8% to each MIP participant's original Plan award level, which percentage is the ratio of the discretionary bonus pool to the aggregate bonus level that would have been paid out under the MIP at the Plan performance level, and then adjusting bonuses downward to the extent the executives did not achieve 100% of their individual goals.

Our named executive officers received for fiscal year 2007 the following cash payments in March 2008 as discretionary bonuses.

Name	2007 MIP Bonus Award	
Frederick J. Florjancic, Jr.	$	432,919
Dennis McGill	$	200,946
Dave Sprinkle	$	176,797
Steve Grimshaw	$	167,072
T.R. Tunnell	$	138,623

These cash payments made to named executive officers under the MIP for performance in fiscal year 2007 are reflected in the "Bonus" column of the "Summary Compensation Table" on page 91.

Long-Term Incentive Compensation

The Company adopted the Safety-Kleen Equity Plan in 2004, which we refer to as the Plan, to motivate selected individuals to attain exceptional performance and to attract and retain selected individuals with outstanding qualifications. To accomplish this purpose, our Plan provides that we may grant stock options, stock appreciation rights, restricted stock, restricted stock units, stock bonuses and other awards to our officers (including our named executive officers), directors, employees, consultants or advisors. In fiscal year 2007, we did not grant any equity awards to the named executive officers, although we granted stock options to certain other employees under our Plan.

Other Benefits

401(k) Savings Plan. In order to provide a retirement plan that is competitive with our industry and with other companies, Safety-Kleen provides a 401(k) Savings Plan to our employees. Our 401(k) Savings Plan, or the Savings Plan, is a tax-qualified retirement savings plan pursuant to which all U.S. based employees, including our named executive officers, are able to contribute (upon the satisfaction of applicable eligibility requirements), on a before-tax basis, up to 50% of their annual salary, subject to certain statutory limits. In fiscal year 2007, we matched 50% of the first 6% of pay that was contributed by participants to the Savings Plan. Matching contributions to the Savings Plan vest at a rate of 33% per year beginning with completion of one year of service, with 100% vesting after three years of service.

Other Compensation. In furtherance of our goals of attracting and retaining employees in key positions and providing to such employees an effective deferral mechanism, we maintain a deferred compensation plan pursuant to which eligible participants were given the opportunity to defer grants of restricted stock units, each unit representing one share of our common stock. The value of the amounts deferred will be equal to an equivalent number of shares of our common stock on the date of distribution. Only one named executive officer is currently eligible to participate in this plan. See "Nonqualified Deferred Compensation Table" on page 94.

In addition, our executive officers are eligible to participate in our other employee benefit plans, including medical, dental, life insurance and long-term disability insurance plans as well as the 401(k) Savings Plan described above. Our executive officers are also eligible for a company-paid comprehensive physical examination and receive a corresponding tax gross-up for this annual benefit. We provide this benefit because it is a prevalent executive benefit provided by many other companies and helps ensure the physical and mental well-being of our executive officers. We do not provide any other perquisites or fringe benefits to our executive officers.

We have entered into employment agreements with several executive officers, including each named executive officer. The employment agreements provide these executive officers with compensation and continuation of certain benefits and acceleration of certain equity awards, both generally upon certain terminations of employment and upon certain terminations in connection with a change in control of us, in part for the purpose of retaining the executives during the period prior to a change in control. Information regarding the payments and benefits to our named executive officers under these employment agreements is provided under the heading "Payments upon Termination and Change in Control".

To date, the human resources and compensation committee has not taken into account specific accounting or tax ramifications of the compensation provided to our named executive officers.

Executive Compensation

Summary Compensation Table. The following table sets forth the compensation earned, awarded or paid for services rendered to us in all capacities for fiscal year 2007, by our named executive officers:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary (1)	Bonus (2)	Stock Awards (3)	Option Awards (3)	All Other Compensation	Total
Frederick J. Florjancic, Jr., CEO, President and Director	2007	$ 535,000	$ 432,919	$ 0	$ 520,525	$ 11,801(4)	$ 1,500,245
Dennis McGill, Executive Vice President and Chief Financial Officer	2007	$ 362,250	$ 200,946	$ 0	$ 180,684	$ 12,310(5)	$ 756,190
David M. Sprinkle, Executive Vice President, East Group	2007	$ 336,375	$ 176,797	$ 31,478	$ 197,078	$ 11,819(6)	$ 753,547
Steve Grimshaw, Executive Vice President, West Group	2007	$ 310,500	$ 167,072	$ 0	$ 189,637	$ 11,450(7)	$ 678,659
T.R. Tunnell, Executive Vice President, General Counsel	2007	$ 255,000	$ 138,623	$ 0	$ 148,733	$ 14,467(8)	$ 557,003

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(1) Salaries reflect the amounts earned during fiscal year 2007.

(2) Because the goals were not achieved under the MIP, the bonuses granted to our named executive officers for fiscal year 2007 were discretionary bonuses.

(3) No options were granted to the named executive officers in 2007. These amounts represent the amount recognized for financial statement reporting purposes for fiscal year 2007 for grants made in prior years, computed in accordance with SFAS No. 123(R). For a more detailed discussion, see notes 2 and 16 to our consolidated financial statements.

(4) This amount represents approximately $6,345 for group life, accidental death & dismemberment ("AD&D") and long-term disability ("LTD") coverage and $5,456 for a 401(k) matching contribution.

(5) This amount represents approximately $4,493 for group life, AD&D and LTD; $5,456 for a 401(k) matching contribution; $1,477 for an executive physical examination and $884 for the related tax gross-up.

(6) This amount represents approximately $3,710 for group life, AD&D and LTD; $5,456 for a 401(k) matching contribution; $1,500 for an executive physical examination and $1,153 for the related tax gross-up.

(7) This amount represents approximately $3,035 for group life, AD&D and LTD; $5,456 for a 401(k) matching contribution; $1,851 for an executive physical examination and $1,108 for the related tax gross-up.

(8) This amount represents approximately $3,319 for group life, AD&D and LTD; $5,456 for a 401(k) matching contribution; $3,673 for an executive physical examination and $2,199 for the related tax gross-up.

2007 GRANTS OF PLAN-BASED AWARDS TABLE

Name	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)		
	Threshold	Target	Maximum
Frederick J. Florjancic, Jr.	$ 535,000	$ 1,070,000	$ 1,605,000
Dennis McGill	$ 242,708	$ 481,793	$ 724,500
David M. Sprinkle	$ 225,371	$ 447,379	$ 672,750
Steve Grimshaw	$ 208,035	$ 412,965	$ 621,000
T.R. Tunnell	$ 170,850	$ 339,150	$ 510,000

(1) The amounts disclosed in the threshold, target and maximum columns reflect the Plan, Plan+ and Plan++ award potentials, respectively. However, because the corporate performance goals were not achieved for fiscal year 2007, the bonuses awards to named executive officers for fiscal year 2007 were discretionary bonuses. Information regarding these bonuses to our named executive officers is provided in the "Bonus" column of the "Summary Compensation Table" on page 91.

OUTSTANDING EQUITY AWARDS AT 2007 FISCAL YEAR-END TABLE

The Safety-Kleen Equity Plan is designed to allow us to enhance the link between the creation of stockholder value and long-term incentive compensation, provide an opportunity for increased equity ownership by executive officers, and maintain competitive levels of compensation.

Stock option award levels are determined based on our retention concerns and vary among participants based on their salary levels and positions. Since there is no public market for our stock, the fair market value of our stock is determined by the human resources and compensation committee in good faith based on a variety of factors.

The options granted by the human resources and compensation committee generally vest at a rate of 25% or 33$^{1}/_{3}$% per year over four or three years, respectively, and expire 10 years from the grant date. The options expire ten years from the grant date. Vesting and exercise rights typically cease upon termination of employment although options may continue to remain exercisable for a specified period of time following termination and vesting may be accelerated upon the occurrence of certain events, including events described in the employment agreements with certain of our executive officers, including our named executive officers. For a description of these agreements, see the "Potential Payments upon Termination and Change-in-Control." Prior to the exercise of an option or a restricted stock unit, the holder has no rights as a shareholder with respect to the shares subject to such option, including voting rights and the right to receive dividends.

	Option Awards(1)				
Name	Number of Securities Underlying Unexercised Options—Exercisable (#)	Number of Securities Underlying Unexercised Options—Unexercisable (#)	Option Grant Date	Option Exercise Price ($)	Option Expiration Date
Frederick J. Florjancic, Jr.	100,000	50,000	03/21/06(2)	$ 6.00	03/21/16
	400,000	0	06/28/04	$ 4.00	06/28/14
Dennis McGill	50,000	25,000	03/21/06(2)	$ 6.00	03/21/16
	62,500	62,500	04/04/05	$ 4.00	04/04/15
David M. Sprinkle	46,667	23,333	03/21/06(2)	$ 6.00	03/21/16
	125,000	0	10/15/04	$ 4.00	10/15/14
Steve Grimshaw	43,333	21,667	03/21/06(2)	$ 6.00	03/21/16
	125,000	0	10/15/04	$ 4.00	10/15/14
T.R. Tunnell	33,333	16,667	03/21/06(2)	$ 6.00	03/21/16
	100,000	0	10/04/04	$ 4.00	10/04/14

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(1) Options expiring in 2016 vest at a rate of 33$^{1}/_{3}$% on each of December 30, 2006, December 29, 2007, and December 27, 2008, contingent on continued service. All other options for Messrs. Florjancic, Sprinkle, Grimshaw and Tunnell vested in 25% increments beginning on December 24, 2004, and on each of the following three anniversaries thereof, and the option granted to Mr. McGill on April 4, 2005, vests at a rate of 25% per year beginning on the first anniversary of the date of grant and on the next three anniversaries thereof, and in each case, option vesting is contingent on continued service, subject to acceleration upon certain events. All options have a ten-year term.

(2) In March 2006, MIP participants were afforded the opportunity to receive stock options in lieu of 40% of any potential MIP payout for fiscal year 2006. All of our named executive officers elected to receive stock options, and these 2006 grants are reflected in the table.

2007 OPTION EXERCISES AND STOCK VESTED TABLE

	Stock Awards(1)	
Name	**Number of Shares Acquired on Vesting (#)(2)**	**Value Realized on Vesting ($)(3)**
Frederick J. Florjancic, Jr.	0	0
Dennis McGill	0	0
David M. Sprinkle	18,333	$ 403,326
Steve Grimshaw	0	0
T. R. Tunnell	0	0

(1) Mr. Sprinkle was granted 41,667 restricted stock units on October 15, 2004, and 18,333 restricted stock units on September 11, 2005, all of which are 100% vested. Each restricted stock unit represents the right to receive one share of our common stock on the date of distribution. He has elected to defer distribution of these units pursuant to the terms of our nonqualified deferred compensation plan. Information regarding this deferral is provided in the "Nonqualified Deferred Compensation Table" on page 94.

(2) This amount represents the number of restricted stock units that vested in fiscal year 2007, all of which vested on December 24, 2007.

(3) This amount represents the fair market value of our common stock on December 24, 2007, multiplied by the number of restricted stock units that vested on that date.

NONQUALIFIED DEFERRED COMPENSATION TABLE

We currently maintain a nonqualified deferred compensation plan pursuant to which eligible participants were given the opportunity to defer grants of restricted stock units, each unit representing one share of our common stock. Mr. Sprinkle is the only named executive officer currently eligible to participate in the plan. He has elected to defer receipt of his restricted stock units until the earlier to occur of (i) the date of a change in control of the Company and (ii) the date in which his employment or service with the Company or any of its subsidiaries terminates, provided that if Mr. Sprinkle's employment or service is terminated for cause, his restricted stock units will be forfeited. The value of the amounts deferred will be equal to an equivalent number of shares of our common stock on the date of distribution. Information regarding this deferral is provided below.

Name	**Executive Contributions in Last Fiscal Year**	**Registrant Contributions in Last Fiscal Year**	**Aggregate Earnings in Last Fiscal Year**	**Aggregate Withdrawals/Distributions**	**Aggregate Balance at Last Fiscal Year End**
Frederick J. Florjancic, Jr.	$ 0	$ 0	$ 0	$ 0	$ 0
Dennis McGill	$ 0	$ 0	$ 0	$ 0	$ 0
David M. Sprinkle	$ 0	$ 0	$ 861,663(1)	$ 0	$ 1,320,000(2)
Steve Grimshaw	$ 0	$ 0	$ 0	$ 0	$ 0
T. R. Tunnell	$ 0	$ 0	$ 0	$ 0	$ 0

(1) Calculated by multiplying the number of restricted stock units deferred by the difference between the fair market value of our common stock at the beginning of fiscal year 2007 and the fair market value of our common stock at the end of fiscal year 2007.

(2) Calculated by multiplying the number of restricted stock units deferred by the fair market value of our common stock at the end of fiscal year 2007.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

We have entered into employment agreements with several of our executive officers, including each of our named executive officers. Other than as noted below, the agreements for each of the named executive officers are substantially similar in form.

Pursuant to these agreements, if, not in connection with a "change in control" (as defined below), an executive's employment is terminated (1) due to our failure to timely renew his employment agreement, (2) by us other than (a) for "cause" (as defined below) or (b) by reason of death or disability (as defined in our long term disability plan) or (3) by the executive due to our failure to comply with the terms of his employment agreement, after notice from the executive officer and a reasonable time to cure, then he will be entitled to the following (each of (1), (2) and (3) a "Qualifying Termination" (as defined in the agreements)):

- payment of any accrued and unpaid salary and vacation in a lump sum;
- one year base salary in a lump sum;
- additional vesting of his unvested stock options that would have vested during the 12 months following his termination, prorated for the portion of the year that he was employed prior to his termination and all vested options generally remain exercisable for 180 days following a termination by us without cause and for 90 days following termination by the executive. However, solely with respect to Mr. Florjancic, he would be entitled to additional vesting of his unvested stock options that would have vested in the 12 months following termination, prorated for the number of days the executive was employed from the last vesting date to the date of termination, provided that with respect to Mr. Florjancic's 2006 stock option grant, if his employment is terminated other than for cause (as defined under his award agreement), he will be entitled to the greater of the vesting that would result based on the foregoing and additional vesting of the portion of his unvested stock options that would have vested in the year in which his termination occurs;
- a bonus amount under the MIP, calculated as though the executive had remained employed with us through the end of plan year, paid when and as paid to active participants; and
- Company-paid COBRA contributions (less the amount of premium contributions required to be paid by active Company employees) for one year or if shorter, until the executive becomes eligible for health coverage from another employer or otherwise.

Under the agreements, "change in control" is defined as (i) the sale, monetization or other disposition of all or substantially all (*i.e.*, greater than 50%) of the assets of us or Safety-Kleen Systems, Inc. or (ii) if a "person" or "group" (within the meaning of Sections 13(d) and 14(d) of the Exchange Act) becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of our common stock having the right to vote for the election of members of our board of directors (but will not include our initial public offering or secondary public offering). "Cause" under the agreements is defined as (i) the willful and continued failure by the executive substantially to perform his duties with us (other than any such failure resulting from disability or other causes beyond the executive's reasonable control); (ii) the willful engaging by the executive in conduct that is demonstrably and materially injurious to us, monetarily or otherwise; or (iii) the material failure of the executive to comply with the terms and conditions of the executive's employment agreement). "Cause" under the stock option agreements is, however, defined as (i) the willful and continued failure by the executive substantially to perform his duties with us (other than resulting from incapacity); (ii) a knowing violation of the law in the course of performing his duties; (iii) repeated absences without a reasonable excuse; (iv) intoxication while on any of our subsidiaries' premises; (v) fraud or material dishonesty against us or any of our subsidiaries; or (vi) a conviction or plea of guilty or nolo contendre to the commission of a felony or crime involving material dishonesty.

However, if within six months prior to or following a change in control, the executive's employment is terminated for any of the reasons described above, then the executive will be entitled to the following:

- payment of any accrued and unpaid salary and vacation in a lump sum;
- two years' base salary in a lump sum;
- immediate vesting of all unvested stock options;
- a prorated bonus amount under the MIP, paid when and as paid to active participants; and
- Company-paid COBRA contributions (less the amount of premium contributions required to be paid by active Company employees) for two years or if shorter, until the executive becomes eligible for health coverage from another employer or otherwise.

In addition, solely with respect to Mr. Florjancic, to the extent his employment is terminated after, or within six months prior to a change in control pursuant to a Qualifying Termination as described above, he will also receive a lump sum payment equal to two years of his target bonus, and if, as a result of payments made to him by us, he is required to pay an excise tax imposed on certain change in control-related payments, then we will pay him a full gross-up with respect to this excise tax, up to a maximum total payment of $1,000,000.

If the employment of any of our named executive officers (other than Mr. Florjancic) is terminated by reason of the executive's death or disability, the executive will be entitled to additional vesting of the portion of his stock options that were scheduled to vest in the year in which his termination occurs (provided, that, with respect to Mr. McGill's 2005 stock option grant, such vesting will be prorated based on the portion of the year that he was employed prior to his termination). If Mr. Florjancic's employment is terminated for such reasons, he will be entitled to additional vesting of his unvested stock options that would have vested in the 12 months following termination, prorated for the number of days that he was employed from the last vesting date to the date of his termination, provided that with respect to his 2006 stock option grant, Mr. Florjancic will be entitled to the greater of the vesting that would result based on the foregoing and additional vesting of the portion of his unvested stock options that would have vested in the year in which his termination occurs. In each case of termination by reason of death or disability, all of an executive's vested options will remain exercisable for two years following such termination.

As a condition to the executives' employment agreements, the executives were required to enter into agreements pursuant to which they agreed to be bound by certain restrictive covenants, including restrictions from competing with us, soliciting our customers or employees, and disclosing confidential information.

The tables below quantify these payments and benefits assuming that the triggering events took place on December 29, 2007, and using a stock price of $22.00, which was our estimate of the fair market value of our common stock on that date.

Post-Employment Payments—Frederick J. Florjancic, Jr.

Executive Payments and Benefits upon Termination/CIC(1)	Qualifying Termination Not CIC-Related	CIC without Termination	Qualifying Termination CIC-Related	Death	Disability
Compensation:					
Severance	$ 535,000	$ 0	$ 2,140,000(2)	$ 0	$ 0
Other Cash Incentives					
—2007 Bonus	432,919	0	430,457(3)	0	0
Long-Term Incentives(4)					
—Acceleration of Unvested Stock Options(5)	0	800,000	800,000	0(6)	0(6)
Benefits:					
Continuation of Health Benefits(7)	6,876	0	13,751	0	0
280G Tax Gross-Up(8)	0	0	864,803	0	0
Total	$ 974,795	$ 800,000	$ 4,249,011	$ 0	$ 0

(1) Includes only benefits that enhance payments.

(2) Represents the sum of two years' base salary and two years' target bonus.

(3) Represents the bonus payment under the MIP for the year in which termination occurs, prorated for the portion of the year that Mr. Florjancic remained employed and payable when bonuses are paid to other employees. Therefore, because it is assumed that his employment was terminated on the last day of our fiscal year (*i.e.*, December 29, 2007) and the last day of the plan year was December 31, 2007, this amount represents 363/365 of the MIP bonus that would otherwise have been paid for the 2007 plan year.

(4) Equity awards are valued at the fair market value of our common stock as of December 29, 2007.

(5) Represents the intrinsic value of the options for the additional options that vest by reason of the applicable event, plus the fair value of any extended period of exercisability of the options. All vested options generally remain exercisable for 180 days following a termination by us without cause and for 90 days following termination by the executive, other than terminations by reason of death or disability.

(6) Vested options generally remain outstanding for a period of two years following termination by reason of death or disability.

(7) Values estimated based solely on the 2008 COBRA premium rate.

(8) Mr. Florjancic's employment agreement provides for an associated "excise tax gross-up" to the extent that any change in control payment made to him triggers the golden parachute excise tax provisions under Sections 280G and 4999 of the Code, up to a maximum payment of one million dollars.

Post-Employment Payments—Dennis McGill

Executive Payments and Benefits upon Termination/CIC(1)	Qualifying Termination Not CIC-Related	CIC without Termination	Qualifying Termination CIC-Related	Death	Disability
Compensation:					
Severance	$ 362,250	$ 0	$ 724,500	$ 0	$ 0
Other Cash Incentives					
—2007 Bonus	200,946	0	199,845(2)	0	0
Long-term Incentives(3)					
Acceleration of Unvested Stock Options(4)	416,601	1,525,000	1,525,000	427,479(5)	427,479(5)
Benefits:					
Continuation of Health Benefits	9,308	0	18,615	0	0
Total	$ 989,105	$ 1,525,000	$ 2,467,960	$ 427,479	$ 427,479

(1) Includes only benefits that enhance payments.

(2) Represents the bonus payment under the MIP for the year in which termination occurs, prorated for the portion of the year that Mr. McGill remained employed and payable when bonuses are paid to other employees. Therefore, because it is assumed that his employment was terminated on the last day of our fiscal year (*i.e.*, December 29, 2007) and the last day of the plan year was December 31, 2007, this amount represents 363/365 of the MIP bonus that would otherwise have been paid for the 2007 plan year.

(3) Equity awards are valued at the fair market value of our common stock as of December 29, 2007.

(4) Represents the intrinsic value of the options for the additional options that vest by reason of the applicable event, plus the fair value of any extended period of exercisability of the options. All vested options generally remain exercisable for 180 days following a termination by us without cause and for 90 days following termination by the executive, other than terminations by reason of death or disability.

(5) Vested options generally remain outstanding for a period of two years following termination by reason of death or disability.

Post-Employment Payments—David M. Sprinkle

Executive Payments and Benefits upon Termination/CIC(1)	Qualifying Termination Not CIC-Related	CIC without Termination	Qualifying Termination CIC-Related	Death	Disability
Compensation:					
Severance	$ 336,375	$ 0	$ 672,750	$ 0	$ 0
Other Cash Incentives					
—2007 Bonus	176,797	0	175,828(2)	0	0
Long-term Incentives(3)					
Acceleration of Unvested Stock Options(4)	0	373,333	373,333	0(5)	0(5)
Benefits:					
Continuation of Health Benefits	6,876	0	13,751	0	0
Total	$ 520,048	$ 373,333	$ 1,235,662	$ 0	$ 0

(1) Includes only benefits that enhance payments.

(2) Represents the bonus payment under the MIP for the year in which termination occurs, prorated for the portion of the year that Mr. Sprinkle remained employed and payable when bonuses are paid to other employees. Therefore, because it is assumed that his employment was terminated on the last day of our fiscal year (*i.e.*, December 29, 2007) and the last day of the plan year was December 31, 2007, this amount represents 363/365 of the MIP bonus that would otherwise have been paid for the 2007 plan year.

(3) Equity awards are valued at the fair market value of our common stock as of December 29, 2007.

(4) Represents the intrinsic value of the options for the additional options that vest by reason of the applicable event, plus the fair value of any extended period of exercisability of the options. All vested options generally remain exercisable for 180 days following a termination by us without cause and for 90 days following termination by the executive, other than terminations by reason of death or disability.

(5) Vested options generally remain outstanding for a period of two years following termination by reason of death or disability.

Post-Employment Payments—Steve Grimshaw

Executive Payments and Benefits upon Termination/CIC(1)	Qualifying Termination Not CIC-Related	CIC without Termination	Qualifying Termination CIC-Related	Death	Disability
Compensation:					
Severance	$ 310,500	$ 0	$ 621,000	$ 0	$ 0
Other Cash Incentives					
—2007 Bonus	167,072	0	166,157(2)	0	0
Long-term Incentives(3)					
Acceleration of Unvested Stock Options(4)	0	346,667	346,667	0(5)	0(5)
Benefits:					
Continuation of Health Benefits	9,308	0	18,615	0	0
Total	$ 486,880	$ 346,667	$ 1,152,439	$ 0	$ 0

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(1) Includes only benefits that enhance payments.

(2) Represents the bonus payment under the MIP for the year in which termination occurs, prorated for the portion of the year that Mr. Grimshaw remained employed and payable when bonuses are paid to other employees. Therefore, because it is assumed that his employment was terminated on the last day of our fiscal year (*i.e.*, December 29, 2007) and the last day of the plan year was December 31, 2007, this amount represents 363/365 of the MIP bonus that would otherwise have been paid for the 2007 plan year.

(3) Equity awards are valued at the fair market value of our common stock as of December 29, 2007.

(4) Represents the intrinsic value of the options for the additional options that vest by reason of the applicable event, plus the fair value of any extended period of exercisability of the options. All vested options generally remain exercisable for 180 days following a termination by us without cause and for 90 days following termination by the executive, other than terminations by reason of death or disability.

(5) Vested options generally remain outstanding for a period of two years following termination by reason of death or disability.

Post-Employment Payments—T.R. Tunnell

Executive Payments and Benefits upon Termination/CIC(1)	Qualifying Termination Not CIC-Related	CIC without Termination	Qualifying Termination CIC-Related	Death	Disability
Compensation:					
Severance	$ 255,000	$ 0	$ 510,000	$ 0	$ 0
Other Cash Incentives					
—2007 Bonus	138,623	0	137,863(2)	0	0
Long-term Incentives(3)					
Acceleration of Unvested Stock Options(4)	0	266,667	266,667	0(5)	0(5)
Benefits:					
Continuation of Health Benefits	9,308	0	18,615	0	0
Total	$ 402,931	$ 266,667	$ 933,145	$ 0	$ 0

(1) Includes only benefits that enhance payments.

(2) Represents the bonus payment under the MIP for the year in which termination occurs, prorated for the portion of the year that Mr. Tunnell remained employed and payable when bonuses are paid to other employees. Therefore, because it is assumed that his employment was terminated on the last day of our fiscal year (*i.e.*, December 29, 2007) and the last day of the plan year was December 31, 2007, this amount represents 363/365 of the MIP bonus that would otherwise have been paid for the 2007 plan year.

(3) Equity awards are valued at the fair market value of our common stock as of December 29, 2007.

(4) Represents the intrinsic value of the options for the additional options that vest by reason of the applicable event, plus the fair value of any extended period of exercisability of the options. All vested options generally remain exercisable for 180 days following a termination by us without cause and for 90 days following termination by the executive, other than terminations by reason of death or disability.

(5) Vested options generally remain outstanding for a period of two years following termination by reason of death or disability.

Director Compensation

Independent members of the board of directors receive compensation for their services. Each independent director receives an annual retainer of $50,000, paid quarterly in advance, which is supplemented by additional payments of $1,500 for each regularly scheduled board and committee meeting attended in person and $750 for each regularly scheduled board and committee meeting attended telephonically. No payment is made for attendance at special board and committee meetings unless payment is approved by the human resources and compensation committee. The chairman of the board, the chair of the audit and compliance committee and the chair of any other committee receives an additional annual retainer of $50,000, $7,500 and $3,750, respectively, paid quarterly in advance. Each independent director also receives reimbursement for his or her reasonable travel expenses incurred in attending the board meetings. In addition, upon first becoming an independent director, each independent director, (other than Patrick H. Daugherty, Jason Mudrick and Gregory Stuecheli) received under the Safety-Kleen Equity Plan a grant of 62,500 restricted stock units and an option to purchase 30,000 shares of our common stock (other than Mr. Haddock who received an option to purchase 125,000 shares). Patrick H. Daugherty, Jason Mudrick and Gregory Stuecheli did not receive any restricted stock units or options upon first becoming independent directors. These restricted stock units and options vested over four years at 25% per year. The restricted stock units are subject to the Safety-Kleen 2004 Deferred Compensation Plan, whereby the independent directors may elect to defer receipt of the restricted stock units upon some future date or event, including a change of control or

the date the independent director is no longer on the board. No non-independent director, however, shall receive compensation for serving as a member of our board of directors.

DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Option Awards (2)	Total
David Samuel Coats	$ 65,750	$ 62,500	$ 22,298	$ 150,548
Patrick H. Daugherty	$ 64,250	$ 0	$ 0	$ 64,250
R. Randolph Devening	$ 75,500	$ 62,500	$ 22,298	$ 160,298
Ronald W. Haddock	$ 125,000	$ 62,500	$ 92,906	$ 280,406
Matthew Kaufman(3)	$ 63,500	$ 62,500	$ 22,298	$ 148,298
Jason Mudrick(4)	$ 0	$ 0	$ 0	$ 0
Richard B. Neff	$ 75,500	$ 62,500	$ 22,298	$ 160,298
Gregory Stuecheli	$ 56,750	$ 0	$ 0	$ 56,750

(1) These amounts reflect the amounts recognized for financial statement reporting purposes for fiscal year 2007 for grants made in prior years, computed in accordance with SFAS No. 123(R). For a more detailed discussion, see notes 2 and 16 to our consolidated financial statements. See "Security Ownership of Certain Beneficial Owners and Management" for more information regarding director stock holdings as of April 7, 2008.

(2) These amounts reflect the amounts recognized for financial statement reporting purposes for fiscal year 2007 for grants made in prior years, computed in accordance with SFAS No. 123(R). For a more detailed discussion, see notes 2 and 16 to our consolidated financial statements.

(3) The cash fees earned by Mr. Kaufman were paid to GSC Group.

(4) Mr. Mudrick opted not to receive any director compensation.

SUMMARY OF SAFETY-KLEEN EQUITY PLAN

The following is a description of the material terms of the Safety-Kleen Equity Plan, which was adopted by our board of directors on August 31, 2004, and amended on March 21, 2006. This summary is not intended to be a complete description of all provisions of the Plan and is qualified in its entirety by reference to the Plan, which is filed as an exhibit to the registration statement of which this prospectus forms a part.

Purpose

The purpose of the Plan is to motivate selected individuals to attain exceptional performance and to attract and retain selected individuals with outstanding qualifications.

Administration

The Plan is administered by our board of directors or a committee or subcommittee appointed by the board of directors; provided, that, following our initial public offering, the Plan will be administered by a committee that consists of persons who are "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act and "outside directors" within the meaning of Section 162(m) of the Code.

The administrator has the power to, among other things: select who will be participants in the Plan; determine whether and to what extent awards will be granted to participants and the terms and conditions of such awards; amend, modify or cancel an award agreement; and accelerate the lapse of restrictions applicable to an award or waive any conditions imposed under the Plan or an award agreement, provided that no such action may adversely affect any outstanding award without the participant's consent.

Types of Awards

The Plan provides for the grant of nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, stock bonuses and other awards. These awards are described below.

Plan Participants

Officers, employees, directors, consultants and advisors of us or any of our subsidiaries are eligible to receive awards under the Plan.

Share Reserve Limit and Counting

A total of 4,814,145 shares of our common stock are reserved for issuance under the Plan, which are comprised of authorized and unissued shares of our stock or our treasury shares, or a combination. Once we become subject to Section 162 (m) of the Code, the aggregate number of shares underlying awards to an individual will not exceed 1,000,000 in any fiscal year.

Any shares that become available as a result of expiration, forfeiture, or other cancellation or termination of an award, will again be available for grant of future awards, to the extent consistent with applicable law.

Changes in Capitalization

In the event that a change in capitalization affects our stock such that an adjustment is necessary to prevent diminution or enlargement of benefits available under the Plan or with respect to an outstanding award, the administrator will, as it deems appropriate and equitable, make any adjustments to the terms and conditions of the awards.

Change in Control

In the event of a change in control, the administrator will make adjustments to awards to the extent equitable and necessary or appropriate, including: (a) causing awards to be converted into similar or replacement awards of the acquirer or successor entity, (b) causing the vesting and/or exercisability of awards to be fully or partially accelerated, (c) providing participants with a reasonable period of time prior to the change in control in which to exercise the awards, following which period any unexercised awards would be terminated, or (d) providing for other treatment in an award agreement.

Descriptions of Types of Awards

The Plan provides for the grant of the following types of awards:

Stock Options; Stock Appreciation Rights. A stock option, or option, is a right to purchase a share of our common stock at a fixed exercise price for a fixed period of time. A stock appreciation right represents a right to receive, upon exercise, an amount equal to the excess, if any, of the fair market value as of the date of exercise of a share of our common stock over the exercise price of a share specified in the award agreement applicable to such stock appreciation right. Each option or stock appreciation right grant is evidenced by an award agreement that sets forth the terms and conditions of the award. The terms of grants of stock options and stock appreciation rights may vary among participants. Stock appreciation rights may be settled in cash or our stock, as determined by the administrator. The administrator determines the vesting terms and exercise prices of shares to be purchased with respect to an option or a stock appreciation right, which price may not be less than 100% of the fair market value of our common stock as of the date of grant. The term of an option or stock appreciation right may not be longer than 10 years.

Restricted Stock; Restricted Stock Units. Restricted stock is an award of shares of our common stock that are subject to certain transfer and forfeiture restrictions. A restricted stock unit is a right to receive the fair market value of one share of our common stock, subject to certain transfer and forfeiture restrictions. Each grant of restricted stock or restricted stock units is evidenced by an award agreement that sets forth the terms and conditions of the award. Awards of restricted stock and restricted stock units are subject to restrictions on transferability for a certain period of time and may also be subject to additional conditions, including attainment of specified performance goals. Any dividends or distributions that accrue during the restricted period (if applicable) with respect to shares covered by a restricted stock award are distributed to the participant at the end of the restricted period. Restricted stock units may be paid in shares of our common stock or cash, or a combination.

Stock Bonuses. A stock bonus is an award of unrestricted shares of our common stock.

Restrictions on Sale in Connection with a Public Offering

In connection with the initial public offering, participants may be prohibited from selling, pledging, or otherwise disposing of, or agreeing to engage in any of the foregoing, any options or shares of our common stock for a period of up to 180 days following such public offering.

Termination of Employment or Service

Unless otherwise provided in an award agreement or determined by the administrator, if a participant's employment or service with us terminates, all outstanding awards held by such participant will immediately terminate and be forfeited and any price that may have been paid by the participant for such award will be refunded, provided that a termination will not be deemed to have occurred if the participant is employed by or performing services for us or any of our subsidiaries or is on a leave of absence.

Plan Amendment and Termination

Our board of directors may amend, alter or discontinue the Plan, but not so as to impair, without a participant's consent, the participant's rights under an award already granted. In addition, our board of directors will obtain approval from our shareholders for any amendment that would require approval in order to satisfy the requirements of applicable law.

Federal Income Tax Information

The following is a summary of the principal U.S. federal income taxation consequences to participants and us with respect to participation in the Plan. This summary is not exhaustive, and does not discuss state, local or foreign tax laws.

Nonqualified Stock Options

No taxable income is recognized by a participant upon the grant of a nonstatutory stock option. Upon exercise, the participant will recognize ordinary income equal to the excess of the fair market value of the purchased shares on the exercise date over the exercise price paid for those shares. Generally, we will be entitled to an income tax deduction in the tax year in which the participant recognizes the ordinary income. When the participant disposes of shares granted as a nonstatutory stock option, any difference between the sale price and the participant exercise price, to the extent not recognized as taxable income as provided above, is treated as long-term or short-term capital gain or loss, depending on the holding period.

Restricted Stock Awards and Restricted Stock Units

A participant generally will not have taxable income upon grant, unless the participant was granted restricted stock and elects to be taxed at the time of grant. A participant will recognize taxable ordinary income equal to the fair market value of the shares at the time they vest less the amount paid for the shares (if any). Generally, we will be entitled to an income tax deduction in the year in which the ordinary income is recognized by the participant.

Stock Appreciation Rights

No taxable income is reportable when a stock appreciation right is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the amount of cash received and the fair market value of any shares received. Generally, we will be entitled to an income tax deduction in the year in which the ordinary income is recognized by the participant. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Plan Benefits

Awards have been granted under our Plan to certain individuals and groups of individuals as follows:

	Amount of Stock Options	**Amount of Restricted Stock and Restricted Stock Units**
The following executive officers:		
Frederick J. Florjancic, Jr., *CEO, President and Director*	550,000	0
Dennis McGill, *Executive Vice President and Chief Financial Officer*	200,000	0
David Sprinkle, *Executive Vice President, East Group*	195,000	60,000
Steve Grimshaw, *Executive Vice President, West Group*	190,000	0
T.R. Tunnell, *Executive Vice President, General Counsel*	150,000	0
All current executive officers as a group	1,285,000	60,000
All current directors who are not executive officers as a group	245,000	312,500
Each associate of such persons	0	0
Each other person who received or is to receive five percent of such options	0	0
All employees (including all current officers who are not executive officers) as a group	1,575,900	0

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of April 7, 2008, certain information regarding the beneficial ownership of our common stock by:

- each person known by us to beneficially own 5% or more of our common stock;
- each member of our board of directors and each director nominee;
- each of our named executive officers; and
- all directors and executive officers as a group.

Beneficial ownership is determined according to the rules of the SEC, and generally means that a person has beneficial ownership of a security if he or she possesses sole or shared voting or investment power of that security, and includes options that are currently exercisable or exercisable within 60 days. Each director, officer or 5% or more stockholder, as the case may be, has furnished us with information with respect to beneficial ownership. Except as otherwise indicated, we believe that the beneficial owners of common stock listed below, based on the information each of them has given to us, have sole investment and voting power with respect to their shares, except where community property laws may apply.

The number of shares outstanding and the percentage of beneficial ownership before the offering set forth below is based on 34,276,761 shares of our common stock outstanding as of April 7, 2008. The number of shares and percentage of beneficial ownership after the offering set forth below is based on shares of our common stock to be issued and outstanding immediately after this offering, including shares that will either be issued to the underwriters upon the exercise of their over-allotment option. We expect to complete a for stock split of our common stock to be effected prior to the completion of this offering. All share amounts have been retroactively adjusted to give effect to this stock split.

Except as indicated in the footnotes to this table (1) each person has sole voting and investment power with respect to all shares attributable to such person and (2) each person's address is c/o Safety-Kleen HoldCo., Inc., 5360 Legacy Drive, Plano, Texas 75024.

			Beneficial Ownership After Offering			
	Beneficial Ownership Prior to Offering		Assuming the Underwriters' Over-allotment Option is Not Exercised		Assuming the Underwriters' Over-allotment Option is Exercised in Full	
Name of Beneficial Owner	Shares	Percent	Shares	Percent	Shares	Percent
Beneficial Owners of more than 5%						
Highland Capital Management	13,014,770	38.0%				
Contrarian Capital Management	6,795,120	19.8%				
JPMorgan Chase & Co.	3,816,147	11.1%				
GSC Group	3,150,260	9.2%				
Named Executive Officers						
Frederick J. Florjancic, Jr.	500,000	1.4%				
Steve Grimshaw	168,333	*				
Dennis McGill	143,750	*				
David M. Sprinkle	231,667	*				
T.R. Tunnell	133,333	*				
Non-Executive Directors						
Ronald W. Haddock	187,500	*				
David Samuel Coats	92,500	*				
Patrick H. Daugherty(1)	13,014,770	38.0%				
R. Randolph Devening	92,500	*				
Matthew Kaufman(2)	3,242,760	*				
Jason Mudrick(3)	6,795,120	19.8%				
Richard B. Neff	92,500	*				
Gregory J. Stuecheli(4)	13,014,770	38.0%				
All directors and executive officers as a group (13 persons)	24,694,733	68.6%				

* Indicates that the percentage of shares beneficially owned does not exceed one percent.

(1) Mr. Daugherty is a partner at Highland Capital Management. Amounts disclosed for Mr. Daugherty also include the amounts disclosed in the table for Highland Capital Management.

(2) Mr. Kaufman is a Senior Managing Director at GSC Group. Amounts disclosed for Mr. Kaufman also include the amounts disclosed in the table for GSC Group.

(3) Mr. Mudrick is a portfolio manager at Contrarian Capital Management. Amounts disclosed for Mr. Mudrick also include the amounts disclosed in the table for Contrarian Capital Management.

(4) Mr. Stuecheli is a partner at Highland Capital Management. Amounts disclosed for Mr. Stuecheli also include the amounts disclosed in the table for Highland Capital Management.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Registration Rights Agreement

We entered into a registration rights agreement with Contrarian Capital Management, GSC Group, Highland Capital Management, L.P. and JPMorgan Chase & Co., which we refer to as the Initial Stockholders, that provides the Initial Stockholders with the following registration rights with respect to shares of our common stock held by them and their affiliates:

- The Initial Stockholders will be entitled to make five demands on us to register shares. Demands cannot be made until July 17, 2008. If this offering has not been consummated at the time such a demand is made, at least two Initial Stockholders must make the demand, with such Initial Stockholders holding in the aggregate at least 15% of our outstanding common stock and with at least two of such Initial Stockholders holding at least 5% of our outstanding common stock. If this offering has been consummated at the time such a demand is made, a demand can be made by one or more Initial Stockholders who hold at least 6% of our outstanding common stock or by one or more persons including transferees who hold at least 10% of our outstanding common stock.

- If we propose to register shares of our common stock, whether for sale for our own account or for the account of any other person, the Initial Stockholders, and their transferees, will be entitled to customary piggyback registration rights.

In the case of demand registrations and piggyback registrations, the applicable underwriters shall make determinations with respect to cut-backs of shares of the Initial Stockholders, or their transferees, in any such registration. In addition, the registration rights are assignable when relevant securities are sold. We will not be obligated to effect any demand registration within six months after the effective date of a previous demand registration. We have agreed to pay all costs and expenses in connection with each such registration, except for out of pocket expenses of the Initial Stockholders, underwriting discounts and commissions applicable to shares sold.

The registration rights agreement contains a "lock-up" provision that applies in the event of a public offering of our common stock, including this offering. The lock-up provision provides that neither we nor any Initial Stockholder owning at least 3.5% of our outstanding common stock may publicly sell or distribute our common stock during the period beginning seven days prior to the effective date of the registration statement covering the public offering until the earlier of (i) such time as we and the lead underwriter for the public offering shall agree and (ii) 90 days after the effective date of the registration statement, or 120 days in the case of this offering. This lock-up provision will only apply with respect to a public offering if we have obtained similar lock-up commitments from our President and Chief Executive Officer and our executive vice presidents with respect to that offering.

Voting Agreement

We entered into a voting agreement with the Initial Stockholders to provide for certain matters with respect to our board of directors and capital stock of the Company, including, without limitation, for the purpose of establishing certain persons who shall be directors or board observers. We and the Initial Stockholders have agreed that, and the Initial Stockholders have agreed to vote their shares of common stock to ensure that:

- For so long as any Initial Stockholder and its affiliates own, in the aggregate, at least 20% of the issued and outstanding shares of common stock, such persons will be entitled to designate two directors to our board of directors.

- For so long as any Initial Stockholder and its affiliates own, in the aggregate, at least 5% but less than 20% of the issued and outstanding shares of our common stock, such person will be entitled to designate to our board of directors one director or designate a board observer.

In accordance with the voting agreement, Highland Capital Management is currently entitled to designate two directors to our board of directors and Contrarian Capital Management, JPMorgan Chase & Co. and GSC Group are each entitled to designate one director. Highland's designees to our board are Patrick H. Daugherty and Gregory J. Stuecheli, Contrarian's designee is Jason Mudrick and GSC's designee is Matthew Kaufman. JPMorgan has elected to designate a board observer in lieu of designating a director. The voting agreement will expire in accordance with its terms upon the consummation of this offering.

Indemnification and Insurance

For a description of our limitation on liability and indemnification of, and provision of insurance covering, our directors and executive officers, see "Management—Limitations on Liability and Indemnification of Officers and Directors."

Procedures for Approval of Related Party Transactions

Prior to the consummation of this offering, we intend to adopt a written policy that will set forth our procedures for the review and approval of related party transactions. Pursuant to such policy, a related party transaction is a transaction in which the Company is a participant and the amount involved exceeds $120,000 and in which any related party has a material direct or indirect interest. For purposes of the policy, a related party means the following:

- any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;
- any beneficial owner of 5% or more of our common stock;
- any immediate family member of any of the foregoing persons; and
- any entity in which any of the foregoing persons is employed or is a partner or principal or in which such person has a 5% or greater beneficial ownership interest.

In the event that a related party transaction is identified prior to being consummated or amended, the transaction must be submitted to our board of directors, or to a designated committee, for approval. Related party transactions cannot be approved by a member of our board of directors if they are one of the parties to such a transaction. If a related party transaction has been consummated prior to board review, the policy will set forth procedures under which the transaction may still be ratified by our board of directors.

DESCRIPTION OF SENIOR SECURED CREDIT FACILITY

General

In August 2006, we entered into a credit facility consisting of a $100.0 million revolving credit facility, or the revolver, a $230.0 million term loan, or the term loan, and a $65.0 million pre-funded letter of credit facility, or the pre-funded L/C facility. In February 2007, we reduced our letter of credit facility to $60.0 million.

Safety-Kleen Systems, Inc., our subsidiary through which we conduct our operations, is the borrower under the credit facility. We, together with SK Holding Company, Inc. and all the direct and indirect domestic subsidiaries of the borrower are guarantors of the credit facility. The lenders are a syndicate of banks, financial institutions and other entities, including JPMCB, who also acts as administrative agent.

Revolver

The revolver matures on August 3, 2012 and allows us to borrow up to $100.0 million. A portion of the revolver, not in excess of $30.0 million, is available for the issuance of letters of credit by JPMCB. A portion of the revolver, not in excess of $15.0 million, is available for swing line loans from JPMCB. The interest rate payable for loans under the revolver is either the base rate, or prime, plus 0.75% to 1.5% per annum, or LIBOR plus 1.75% to 2.50% per annum, depending on our leverage ratio (as discussed below) as of the end of our last fiscal quarter, and the fees charged for letters of credit issued under the revolver will be equal to the margin charged on LIBOR loans. As of December 29, 2007, the margin was 1.75% on LIBOR loans and 0.75% on prime loans. As of December 29, 2007, the interest rate on the outstanding loan balance was 8.00%.

Pre-funded L/C Facility

In addition to letters of credit issuable under the revolver, JPMCB will issue up to $60.0 million of letters of credit (reduced from $65.0 million in February 2007) for the account of the borrower under the pre-funded L/C facility. The pre-funded L/C facility expires on August 2, 2013, and no letter of credit issued under the pre-funded L/C facility will have an expiration date after the earlier of (a) one year after the date of issuance and (b) five business days prior to this maturity date. The letters of credit issued under the pre-funded L/C facility will be secured by amounts pledged by lenders under the pre-funded L/C facility. If a letter of credit is drawn and not reimbursed by the borrower, JPMCB as the issuer may be reimbursed from the amounts pledged by the lenders and such amounts will become loans under the credit facility, or the L/C loans. The L/C LIBOR loans will bear interest at a rate per annum of LIBOR plus 2.50%. As of December 29, 2007, we utilized $54.3 million of this facility and the borrower is charged a fee of approximately 2.65% per annum for the letters of credit issued under the pre-funded L/C facility.

Term Loan

The term loan is in the amount of $230.0 million, the entire amount of which was advanced on the closing date of the credit facility. The principal amount of the term loan will be repayable in quarterly installments as follows: (a) quarterly installments beginning January 2, 2007, each in an amount equal to 0.25% of the original principal of the term loan (or $575,000) and (b) a final installment due on the maturity date, which is August 2, 2013, in the amount equal to the principal amount of the term loan then outstanding. The term loans borrowed at LIBOR bear interest at a rate per annum equal to LIBOR plus 2.50%, and the term loans borrowed at the base rate bear interest at a rate per annum equal to the base rate plus 1.50%. As of December 29, 2007, $227.7 million of the term loan was outstanding at a weighted average interest rate of 7.24%.

Prepayments

We are entitled to prepay the term loan, in whole or in part, in minimum amounts without penalty. We are required to repay borrowings under the credit facility with the net proceeds from certain asset sales and the issuance of additional indebtedness. In addition, following the end of each fiscal year, commencing with fiscal year 2007, we may be required to prepay borrowings under the credit facility based on a percentage of "excess cash flow" (as defined in the credit agreement).

Expansion Feature

The credit facility includes a provision permitting us from time to time to increase the amount of one or more of the revolver, letter of credit or term loan commitments under the credit facility by up to an aggregate amount for all such increases equal to $100.0 million, provided that certain conditions are met, including that no default has occurred and is continuing and that the current or new lenders agree to extend additional credit to us.

Collateral

The borrower and each guarantor granted a first priority lien on substantially all of their respective assets, including stock of subsidiaries, but specifically excluding: (a) 35% of the voting stock of foreign subsidiaries, (b) any assets located outside of the United States, (c) all vehicles and other rolling stock, (d) all leasehold real property interests and (e) certain fee owned real property.

Fees

We pay certain fees with respect to the loans under the credit facility, including: (i) in respect of the revolver, a commitment fee for unused amounts ranging from 0.25% to 0.50% based on our leverage ratio (which at December 29, 2007 was 0.25%); and (ii) customary annual administration fees.

Covenants

The credit facility contains affirmative and negative covenants customary for facilities and transactions of this type, including, but not limited to:

- certain reporting requirements;
- prohibitions on paying cash dividends on our stock and limitations on our ability to repurchase our stock;
- limitations on incurring or guaranteeing indebtedness;
- limitations on acquisitions and investments;
- limitations restricting distributions from our subsidiaries to us or our other subsidiaries;
- limitations on the ability of our domestic companies to lend money to, make investments in, or transfer assets to, any of our foreign companies;
- limitations on liens;
- limitations on the ability of us or our subsidiaries to sell or transfer assets or enter into sale-leaseback transactions;
- restrictions on fundamental changes, including mergers, consolidations, liquidations or dissolutions of us or our subsidiaries, or changes in the nature of our and our subsidiaries' businesses; and
- restrictions on transactions with affiliates.

In addition, the credit facility contains financial covenants requiring us to meet a maximum leverage ratio, a minimum interest coverage ratio, as well as an annual limit on capital expenditures. Certain of these financial covenants utilize Adjusted EBITDA to determine compliance. Adjusted EBITDA (referred to as Consolidated EBITDA in the credit facility) is defined in our credit facility as:

- consolidated net income; plus the following items, to the extent deducted from consolidated net income:
    - interest expense;
    - provision for income taxes;
    - depreciation and amortization;
    - non-cash charges for the impairment or write-off of goodwill or other intangible assets;
    - amortization or write-off of deferred financing, legal, accounting costs and prepayment fees with respect to the refinancing;
    - provision for environmental liabilities;
    - other one-time charges attributable to termination of services provided with a third-party outsource provider, to the extent not exceeding $10.0 million;
    - non-cash vacation expenses;
    - non-cash impairment losses and losses on dispositions of equipment at customers;
    - non-cash expenses for stock option issuances, restricted stock issuances and other equity issuances and exercises;
    - non-cash losses under swap agreements; and
    - non-cash amortization or write-off of the discounts arising as a result of the issuance of term notes in connection with our emergence from bankruptcy;
- minus the following items, to the extent any of them increase consolidated net income (as adjusted above):
    - all cash payments during such period that are associated with any non-cash charges vacation expense that were added back to consolidated net income in a previous period;
    - all cash payments during such period that are associated with any non-cash impairments losses and losses on dispositions of equipment at customers that were added back to consolidated net income in a previous period;
    - all cash payments during such period that are associated with any non-cash expenses for stock option issuances, restricted stock issuances and other equity issuances and exercises that were added back to consolidated net income in a previous period;
    - all cash payments during such period that are associated with any non-cash losses under swap agreements that were added back to consolidated net income in a previous period;
    - any cash payments made during such period that reduce the provision for environmental liabilities, except to the extent that the same constitute environmental liability expenditures; and
    - non-cash gains under swap agreements.

The calculation of Consolidated EBITDA excludes: (i) all non-operating items referred to in our statement of operations as "other income or expense"; (ii) extraordinary gains or losses; and

(iii) gains or losses or other dispositions of assets other than from sales of inventory in the ordinary course of business.

As of December 29, 2007, we were in compliance with all of the covenants under our credit facility, including the financial covenants. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Outstanding Debt and Existing Financing Arrangements—Certain Ratio Covenants."

Events of Default

The credit facility contains customary events of default such as non-payment of obligations under the credit facility, violation of affirmative and negative covenants, our insolvency or that of our subsidiaries, cross-defaults and judgment defaults exceeding $10.0 million in aggregate amount and a change in control of us.

Interest Rate Hedge

We have hedged our interest rate exposure with respect to $100.0 million of indebtedness under the term loan by entering into a fixed rate interest rate swap agreement which fixes LIBOR with respect to term loan borrowings at 4.09%. This agreement expires in May 2008.

DESCRIPTION OF CAPITAL STOCK

The following is a description of the material terms of our certificate of incorporation and bylaws and certain provisions of Delaware law. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by, the provisions of our certificate of incorporation and bylaws, copies of which will be filed as exhibits to the registration statement of which this prospectus forms a part, and by the applicable provisions of Delaware law.

Our authorized capital stock consists of 75,000,000 shares of common stock and 10,000,000 shares of preferred stock. As of December 29, 2007, we had approximately 81 record holders of our common stock. Upon the closing of this offering, we expect to have shares of our common stock issued and outstanding, assuming the underwriters do not exercise their over-allotment option. We expect to complete a for stock split of our common stock to be effected prior to the completion of this offering. All share amounts have been retroactively adjusted to give effect to this stock split.

Common Stock

Voting

The holders of our common stock are entitled to one vote for each share held of record on each matter submitted to a vote of stockholders, including the election of directors, and do not have any right to cumulate votes in the election of directors.

Dividends

Subject to the rights and preferences of the holders of any series of preferred stock which may at the time be outstanding, and the restrictive terms of our credit facility, which generally prohibits the payment of dividends, holders of our common stock are entitled to such dividends as our board of directors may declare out of funds legally available. We do not intend to pay dividends at the present time or in the foreseeable future.

Liquidation rights

In the event of any liquidation, dissolution or winding-up of our affairs, after payment of all of our debts and liabilities and subject to the rights and preferences of the holders of any outstanding shares of any series of our preferred stock, the holders of our common stock will be entitled to receive the distribution of any of our remaining assets.

Other matters

Holders of our common stock have no conversion, preemptive or other subscription rights and there are no redemption rights or sinking fund provisions with respect to the common stock. The shares of our common stock to be sold in this offering when issued and paid for will be, validly issued, fully paid and non-assessable.

Preferred Stock

We are authorized to issue up to 10,000,000 shares of preferred stock. Our certificate of incorporation authorizes our board, without any further stockholder action or approval, to issue these shares in one or more classes or series, to establish from time to time the number of shares to be included in each class or series and to fix the rights, preferences and privileges of the shares of each wholly unissued class or series and any of its qualifications, limitations or restrictions. Our board may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. We currently have no plans to issue any shares of preferred stock.

Certain Provisions

Provisions of our certificate of incorporation, bylaws and Delaware law, which are summarized below, may be deemed to have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in such stockholder's best interest, including those attempts that might result in a premium over the market price for our common stock.

Number of directors; removal for cause; filling vacancies

Our certificate of incorporation provides that our board of directors will consist of not less than five nor more than 11 members, the exact number of which will be fixed from time to time by our board. The size of our board is currently fixed at nine directors.

Our bylaws provide that any vacancy occurring on the board, including any vacancy occurring as a result of newly created directorships, may be filled only by a majority of the board then in office, provided that a quorum is present, and any other vacancy occurring on the board may be filled by a majority of the board then in office, even if less than a quorum, or by a sole remaining director. Any director elected in accordance with the preceding sentence will hold office until the expiration of the term of office of the director whom he has replaced and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the board of directors shall have the effect of shortening the term of any incumbent director.

Pursuant to the DGCL, any director or our entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

Special meetings of stockholders

Our certificate of incorporation and bylaws provide that a special meeting of stockholders may be called only by our board of directors, the chairman of our board, the lead outside director designated by the board of directors, the chief executive officer, or holders of 20% of the outstanding shares of our common stock.

Stockholder action by written consent

Our certificate of incorporation requires all stockholder actions to be taken by a vote of the stockholders at an annual or special meeting and denies the ability of stockholders to act by written consent without a meeting.

Nomination of candidates for election to our board

Under our bylaws, only persons that are properly nominated will be eligible for election to be members of our board. To be properly nominated, a director candidate must be nominated at an annual meeting of the stockholders or any special meeting called for the purpose of electing directors by or at the direction of our board (or any duly authorized committee of the board) or properly nominated by a stockholder. To properly nominate a director, a stockholder must:

- be a stockholder of record on the date of the giving of the notice for the meeting;
- be entitled to vote at the meeting; and
- have given timely written notice in proper written form to our secretary.

To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 14 days nor more than 50 days prior to any meeting of stockholders called for the election of directors; provided, however, that in the event that less than 21 days' notice of the meeting is given to stockholders, such written notice shall be delivered or mailed not later than the close of the seventh day following the day on which notice of the meeting was mailed to stockholders. To be in proper written form, a stockholder's notice to the secretary must set forth as to each person whom the stockholder proposes to nominate for election as a director:

- the name, age, business address and, if known, the residence address of the person;
- the principal occupation or employment of the person; and
- the number of shares of our capital stock that are beneficially owned by the person.

Amendment of certificate of incorporation and bylaws

Our certificate of incorporation generally requires the approval of the holders of a majority of the voting power of the issued and outstanding shares of our capital stock entitled to vote generally at an election of directors to amend certain provisions of our certificate of incorporation described in this section. Our certificate of incorporation and bylaws provide that the holders of at least a majority of the voting power of the issued and outstanding shares of our capital stock entitled to vote generally at an election of directors have the power to amend or repeal our bylaws. In addition, our certificate of incorporation grants our board of directors the authority to amend and repeal our bylaws without a stockholder vote in any manner not inconsistent with the laws of the State of Delaware or our certificate of incorporation.

Delaware Law

We will be subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, those provisions prohibit a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- prior to that date, the board approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or after the date the business combination is approved by the board and authorized at a meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines "business combination" to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling, controlled by, or under common control with any of these entities or persons.

Limitations on Liability and Indemnification of Directors and Officers

We have adopted provisions in our certificate of incorporation that limit or eliminate the personal liability of our directors and officers to the maximum extent permitted by the DGCL. The DGCL expressly permits a corporation to provide that its directors will not be liable for monetary damages for a breach of their fiduciary duties as directors, except for liability:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- under Section 174 of the DGCL (relating to unlawful stock repurchases, redemptions or other distributions or payment of dividends); or
- for any transaction from which the director derived an improper personal benefit.

These limitations of liability do not generally affect the availability of equitable remedies such as injunctive relief or rescission. Our certificate of incorporation and bylaws also authorize us to indemnify our officers, directors and other agents to the fullest extent permitted under the DGCL and we may advance expenses to our directors, officers and employees in connection with a legal proceeding, subject to limited exceptions.

As permitted by the DGCL, our certificate of incorporation and bylaws provide that we must indemnify our board members and officers to the fullest extent permitted by the DGCL, subject to limited exceptions.

We may enter into separate indemnification agreements with each of our board members and officers that may be broader than the specific indemnification provisions contained in the DGCL. These indemnification agreements may require us, among other things, to indemnify our board members and officers against liabilities that may arise by reason of their status or service as board members and officers, other than liabilities arising from willful misconduct. These indemnification agreements may also require us to advance any expenses incurred by the board members and officers as a result of any proceeding against them as to which they could be indemnified and to obtain directors' and officers' insurance if available on reasonable terms.

The limited liability and indemnification provisions in our certificate of incorporation and bylaws and in any indemnification agreements we enter into may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duties and may reduce the likelihood of derivative litigation against our board members and officers, even though a derivative action, if successful, might otherwise benefit us and our stockholders. A stockholder's investment in us may be adversely affected to the extent we pay the costs of settlement or damage awards against our directors and officers under these indemnification provisions.

At present, there is no pending litigation or proceeding involving any of our directors, officers, employees or agents in which indemnification by us is sought, nor are we aware of any threatened litigation or proceeding that may result in a claim for indemnification.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Wells Fargo.

Listing

We intend to apply for the listing of our common stock on the NYSE under the symbol "SK."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering there has been no public market for our common stock, and a significant public market for our common stock may never develop or be sustained after this offering. We cannot predict the effect, if any, that market sales of shares or the availability of shares for sale will have on the market price prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. However, sales of our common stock in the public market after the restrictions lapse, or the perception that these sales may occur, could cause the market price of our common stock to decline.

Upon completion of this offering, we expect to have outstanding shares of common stock.

The shares of common stock being sold in this offering (or shares if the underwriters exercise the over-allotment option in full) will be freely tradable without restriction or further registration under the Securities Act, unless the shares are purchased by affiliates of our company, as that term is defined in Rule 144 of the Securities Act. All remaining shares were issued and sold by us in private transactions and are eligible for public sale if registered under the Securities Act, or sold in accordance with Rule 144 thereunder.

Lock-Up Agreements

We, our directors, our executive officers, JPMorgan and have agreed that, without the prior written consent of Merrill Lynch & Co. and J.P. Morgan Securities Inc., on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock;

whether any such transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise. The restrictions described in this paragraph do not apply to:

- the sale of shares of our common stock to the underwriters;
- the issuance by us of shares of our common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing; or
- transactions by any person other than us relating to shares of our common stock or other securities acquired in open market transactions after the completion of this offering.

The 180-day restricted period described above is subject to extension such that, in the event that either (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to us occurs or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the one-year period, the "lock-up" restrictions described above will, subject to limited exceptions, continue to apply until the expiration of the 18-day period beginning on the earnings release or the occurrence of the material news or material event.

Eligibility of Restricted Shares for Sale in the Public Market

Rule 144

The SEC has recently adopted amendments to Rule 144 which became effective on February 15, 2008. Under these amendments, persons who became the beneficial owner of shares of our common stock prior to the completion of this offering may not sell their shares until the earlier of (i) the expiration of a six-month holding period, if we have been subject to the reporting requirements of the Exchange Act and have filed all required reports for at least 90 days prior to the date of the sale, or (ii) a one-year holding period.

At the expiration of the six-month holding period:

- a person who was not one of our affiliates at any time during the three months preceding a sale would be entitled to sell an unlimited number of shares of our common stock provided current public information about us is available, and
- a person who was one of our affiliates at any time during the three months preceding a sale would be entitled to sell within any three-month period only a number of shares of common stock that does not exceed the greater of either of the following:
  - (i) 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering, based on the number of shares of our common stock outstanding as of ; or
  - (ii) the average weekly trading volume of our common stock on the NYSE during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

At the expiration of the one-year holding period, a person who was not one of our affiliates at any time during the three months preceding a sale would be entitled to sell an unlimited number of shares of our common stock without restriction. A person who was one of our affiliates at any time during the three months preceding a sale would remain subject to the volume restrictions described above.

Sales under Rule 144 by our affiliates are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

Of the shares of common stock that are outstanding immediately prior to this offering, the following shares will be eligible for sale in the public market at the following times:

- as of the date of this prospectus, approximately shares of common stock are eligible for sale in the public market without restriction pursuant to the expiration of the one-year holding period, of which shares of common stock are not subject to a lockup agreement described above; and
- 90 days after the date of this prospectus, approximately shares of common stock will be eligible for sale in the public market, of which the sale of approximately shares will be subject to volume, manner of sale and other limitations under Rule 144 and approximately shares will be eligible for sale in the public market without restriction except for the availability of current public information about us; and
- the remaining shares of common stock will be eligible for sale under Rule 144 from time to time upon the expiration of Rule 144's holding periods.

Of the shares of common stock that are outstanding immediately prior to this offering, shares are subject to the lockup agreements described above and will only become eligible for sale upon the expiration of such agreements.

Equity Compensation

We intend to file a registration statement on Form S-8 under the Securities Act covering the shares that are reserved for issuance under our equity plan. This Form S-8 registration statement is expected to be filed soon after the effectiveness of the registration statement of which this prospectus forms a part, and the Form S-8 will automatically become effective upon filing. Accordingly, shares registered under this registration statement will, subject to Rule 144 provisions applicable to affiliates, be available for sale in the open market, unless these shares are subject to vesting restrictions with us or are otherwise subject to the contractual restrictions described above.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax considerations generally applicable to the purchase, ownership and disposition of our common stock by Non-U.S. Holders (as defined below). This summary deals only with shares of our common stock held as capital assets (generally, for investment purposes) by holders who purchase common stock in this offering. This discussion does not cover all aspects of U.S. federal income taxation that may be relevant to the acquisition, ownership or disposition of our common stock by prospective investors in light of their particular circumstances. In particular, this discussion does not address all of the tax considerations that may be relevant to certain types of investors subject to special treatment under U.S. federal income tax laws, such as:

- dealers in securities or currencies;
- financial institutions;
- regulated investment companies;
- real estate investment trusts;
- tax-exempt entities;
- insurance companies;
- cooperatives;
- persons holding common stock as part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons liable for alternative minimum tax;
- U.S. expatriates;
- Non-U.S. Holders that own or acquire 5% or more of our common stock;
- partnerships or entities or arrangements treated as a partnership or other pass-through entity for U.S. federal tax purposes (or investors therein); or
- U.S. Holders (as defined below).

This summary is based upon the provisions of the Code, the Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as of the date hereof. Such authorities may be repealed, revoked, modified or subject to differing interpretations, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. We have not received a ruling from the IRS with respect to any of the matters discussed herein. This discussion does not address any state, local or non-U.S. tax considerations.

For purposes of this summary, a "U.S. Holder" means a beneficial owner of our common stock that is for U.S. federal income tax purposes one of the following:

- a citizen or an individual resident of the United States;
- a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner of a partnership holding our common stock, we particularly urge you to consult your own tax advisors.

If you are considering the purchase of our common stock, we urge you to consult your independent tax advisors concerning the particular U.S. federal income tax consequences to you of the acquisition, ownership and disposition of our common stock, as well as any consequences to you arising under state, local and non-U.S. tax laws.

The following discussion applies only to Non-U.S. Holders. A "Non-U.S. Holder" is a beneficial owner of our common stock (other than a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder. Special rules may apply to you if you are a "controlled foreign corporation" or a "passive foreign investment company" or are otherwise subject to special treatment under the Code. Any such holders should consult their own tax advisors to determine the U.S., federal income, state, local and non-U.S. tax consequences that may be relevant to them.

Dividends

Dividends paid to you (to the extent paid out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes) generally will be subject to U.S. federal withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with a trade or business you conduct within the United States, or, if certain income tax treaties apply, are attributable to a permanent establishment you maintain in the United States, are not subject to the U.S. federal withholding tax, but instead are subject to U.S. federal income tax on a net income basis at the applicable graduated individual or corporate rates. Special certification and disclosure requirements must be satisfied for effectively connected income to be exempt from withholding, such as providing a properly executed IRS Form W-8ECI (or any successor form) to the withholding agent. If you are a corporation, any such effectively connected dividends that you receive may be subject to an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

If you wish to claim the benefit of an applicable treaty rate for dividends paid on our common stock, you must provide the withholding agent with a properly executed IRS Form W-8BEN (or any successor form), claiming an exemption from or reduction in withholding under the applicable income tax treaty. In the case of common stock held by a foreign intermediary (other than a "qualified intermediary"), the intermediary generally must provide an IRS Form W-8IMY (or any successor form) and attach thereto an appropriate certification by each beneficial owner for which it is receiving the dividends.

If you are eligible for a reduced rate of U.S. federal withholding tax pursuant to an applicable income tax treaty, you may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Sale, Exchange or Other Taxable Disposition of Common Stock

You generally will not be subject to U.S. federal income tax with respect to gain recognized on a sale, exchange or other taxable disposition of shares of our common stock unless:

- the gain is effectively connected with your conduct of a trade or business in the United States or, if certain income tax treaties apply, is attributable to a permanent establishment you maintain in the United States;
- if you are an individual and hold shares of our common stock as a capital asset, you are present in the United States for 183 or more days in the taxable year of the sale, exchange or other taxable disposition, and certain other conditions are met; or
- we are or have been a "United States real property holding corporation" for U.S. federal income tax purposes at any time during the shorter of the five-year period preceding such disposition and your holding period in the common stock, and (i) you beneficially own, or have owned, more than 5% of the total fair market value of our common stock at any time during the five-year period preceding such disposition, or (ii) our common stock ceases to be traded on an established securities market prior to the beginning of the calendar year in which the sale or disposition occurs.

If you are described in the first or third bullet points above, you will be subject to U.S. federal income tax with respect to such gain on a net income basis at the applicable graduated individual or corporate rates, subject to reduction by an applicable income tax treaty (and, if you are a corporation, you also may be subject to a 30% branch profits tax, subject to reduction by an applicable income tax treaty). If you are described in the second bullet point above, you will be subject to U.S. federal income tax with respect to such gain at a rate of 30% (or lower applicable treaty rate), which gain may be offset by certain losses.

We believe that we are not, and we do not anticipate becoming, a "United States real property holding corporation" for U.S. federal income tax purposes. However, if we are or become a U.S. real property holding corporation, so long as the common stock is regularly traded on an established securities market within the meaning of applicable Treasury regulations, only a Non-U.S. Holder who holds or held (at any time during the shorter of the five-year period ending on the date of disposition and the Non-U.S. Holder's holding period for the common stock) more than 5% of the common stock will be subject to U.S. federal income tax on the disposition of the common stock under these rules. No assurances, however, can be given in this regard.

U.S. Federal Estate Tax

Shares of our common stock held by an individual Non-U.S. Holder at the time of his or her death will be included in such Non-U.S. Holder's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding

You may be subject to information reporting and backup withholding with respect to any dividends on, and the proceeds from dispositions of, our common stock paid to you, unless you comply with certain reporting procedures (usually satisfied by providing an IRS Form W-8BEN (or any successor form) along with certain certifications) or otherwise establish an exemption.

In addition, the amount of any dividends paid to you and the amount of tax, if any, withheld from such payment or disposition generally must be reported annually to you and the IRS. The IRS may make such information available under the provisions of an applicable income tax treaty to the tax authorities in the country in which you reside.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided you timely furnish the required information to the IRS. You should consult your own tax advisors regarding the filing of a U.S. tax return for claiming a refund of such backup withholding.

UNDERWRITING

We intend to offer the shares through the underwriters. Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities Inc. are acting as representatives of the underwriters named below. Subject to the terms and conditions described in a purchase agreement among us, the selling stockholders and the underwriters, we and the selling stockholders have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from us and the selling stockholders, the number of shares listed opposite their names below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
J.P. Morgan Securities Inc.	
Total	

The underwriters have agreed to purchase all of the shares sold under the purchase agreement if any of these shares are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the purchase agreements, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us and the selling stockholders that the underwriters propose initially to offer the shares to the public at the initial public offering price on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of $ per share to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us and the selling stockholders. The information assumes either no exercise or full exercise by the underwriters of their over-allotment option.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to Safety-Kleen HoldCo., Inc.	$	$	$
Proceeds, before expenses, to the selling stockholders	$	$	$

The expenses of the offering, not including the underwriting discount, are estimated at $ and are payable by us and the selling stockholders.

Over-allotment Option

We and the selling stockholders have granted an option to the underwriters to purchase up to additional shares at the public offering price less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this prospectus solely to cover any over-allotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the purchase agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We and the selling stockholders, our executive officers and directors and all other existing stockholders have agreed, with exceptions, not to sell or transfer any common stock for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch and J.P. Morgan Securities Inc. Specifically, we and these other persons have agreed not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,
- request or demand that we file a registration statement related to the common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lockup provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

FINRA Regulations

Because affiliates of J.P. Morgan Securities Inc., an underwriter in this offering and a member of the Financial Industry Regulatory Authority, which we refer to as FINRA, may economically own in excess of 10% of us, FINRA may view the participation of J.P. Morgan Securities Inc. as an underwriter in this offering as the public distribution of securities issued by a company with which J.P. Morgan Securities Inc. has a conflict of interest and/or affiliation, as those terms are defined in NASD Conduct Rule 2720. Accordingly, this offering will be made in compliance with the applicable provisions of NASD Conduct Rule 2720. That rule requires that the initial public offering price be no higher than that recommended by a "qualified independent underwriter," as defined by FINRA, which has participated in the preparation of the registration statement and performed its usual standard of due diligence with respect to the registration statement. Merrill Lynch & Co. has agreed to act as qualified independent underwriter for the offering and to perform a due diligence investigation and review and participate in the preparation of the registration statement of which this prospectus forms a part. We have agreed to indemnify Merrill Lynch & Co. against liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act. Additionally, no FINRA member participating in the offering will execute a transaction in our common shares in a discretionary account without the prior specific written approval of the respective FINRA member's customer.

New York Stock Exchange Listing

We intend to apply to list our shares on the NYSE, subject to notice of issuance, under the symbol "SK." In order to meet the requirements for listing on that exchange, the underwriters have undertaken to sell a minimum number of shares to a minimum number of beneficial owners as required by that exchange.

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations among us, the selling stockholders and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,
- our financial information,
- the history of, and the prospects for, our company and the industry in which we compete,
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues,
- the present state of our development, and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in the common stock in connection with the offering, i.e., if they sell more shares than are listed on the cover of this prospectus, the representatives may reduce that short position by purchasing shares in the open market. The representatives may also elect to reduce any short position by exercising all or part of the over-allotment option described above. Purchases of the common stock to stabilize its price or to reduce a short position may cause the price of the common stock to be higher than it might be in the absence of such purchases.

The representatives may also impose a penalty bid on underwriters and selling group members. This means that if the representatives purchase shares in the open market to reduce the underwriter's short position or to stabilize the price of such shares, they may reclaim the amount of the selling concession from the underwriters and selling group members who sold those shares. The imposition of a penalty bid may also affect the price of the shares in that it discourages resales of those shares.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters makes any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us. They have received customary fees and commissions for these transactions. Affiliates of Merrill Lynch and J.P. Morgan Securities Inc. own shares of our common stock. An affiliate of J.P. Morgan Securities Inc. is a selling stockholder in this offering and JPMCB, an affiliate of J.P. Morgan Securities Inc., is the administrative agent and a lender under our credit facility.

VALIDITY OF THE SHARES

The validity of the shares of our common stock offered by this prospectus will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP, Chicago, Illinois. Certain legal matters relating to this offering will be passed upon for the underwriters by Shearman & Sterling LLP, New York, New York.

EXPERTS

The consolidated financial statements and schedule of the Company as of December 29, 2007 and December 30, 2006, and for each of the years in the three-year period ended December 29, 2007, have been included herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing. The audit report covering the consolidated financial statements for the fiscal year ended December 29, 2007 refers to the adoption of FIN 48.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a Registration Statement on Form S-1 under the Securities Act with respect to the common stock offered in this prospectus. This prospectus, filed as part of the registration statement, does not contain all of the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and our common stock, we refer you to the registration statement and to its exhibits and schedules. Statements in this prospectus about the contents of any contract, agreement or other document are not necessarily complete and, in each instance, we refer you to the copy of such contract, agreement or document filed as an exhibit to the registration statement, with each such statement being qualified in all respects by reference to the document to which it refers. Anyone may inspect the registration statement and its exhibits and schedules without charge at the Public Reference Room the SEC maintains at 100 F Street, N.E., Washington, D.C. 20549. You may obtain copies of all or any part of these materials from the SEC upon the payment of certain fees prescribed by the SEC. You may obtain further information about the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also inspect these reports and other information without charge at a website maintained by the SEC. The address of this site is http://www.sec.gov.

Upon completion of this offering, we will become subject to the informational requirements of the Exchange Act and will be required to file reports, proxy statements and other information with the SEC. You will be able to inspect and copy these reports, proxy statements and other information at the Public Reference Room of the SEC as described above or inspect them without charge at the SEC's website.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Safety-Kleen HoldCo., Inc.:

We have audited the accompanying consolidated balance sheets of Safety-Kleen HoldCo., Inc. and subsidiaries (the Company) as of December 29, 2007 and December 30, 2006, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 29, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Safety-Kleen HoldCo., Inc. and subsidiaries as of December 29, 2007 and December 30, 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended December 29, 2007 in conformity with U.S. generally accepted accounting principles.

As discussed in note 2 to the consolidated financial statements, effective December 31, 2006, the Company adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*.

/s/ KPMG LLP

Dallas, Texas
March 14, 2008, except as to
notes 21 through 24, which are
as of April 30, 2008

SAFETY-KLEEN HOLDCO., INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 29, 2007 AND DECEMBER 30, 2006

(Amounts in thousands, except for par value amount)

	2007	2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,748	$ 2,669
Accounts receivable—net	136,053	124,231
Inventories and supplies	65,782	62,399
Deferred income taxes	3,465	3,204
Other current assets	36,068	39,996
Total current assets	244,116	232,499
PROPERTY, PLANT AND EQUIPMENT—net	337,059	332,846
GOODWILL	33,566	14,068
OTHER INTANGIBLE ASSETS—net	85,224	85,580
OTHER ASSETS	4,910	7,280
TOTAL ASSETS	$ 704,875	$ 672,273
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 58,218	$ 58,329
Current portion of environmental liabilities	6,882	6,298
Income taxes payable	429	2,279
Deferred revenue	29,465	29,552
Accrued professional fees	3,342	10,011
Accrued salaries and benefits	21,401	30,781
Accrued other liabilities	56,449	50,174
Current portion of long-term debt	23,065	5,482
Total current liabilities	199,251	192,906
ENVIRONMENTAL LIABILITIES	48,495	45,475
LONG-TERM DEBT—net of current portion	255,187	249,658
DEFERRED INCOME TAXES	5,765	4,939
OTHER LONG-TERM LIABILITIES	36,762	33,106
Total liabilities	545,460	526,084
COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS (See Note 13)		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value—10,000 shares authorized; none issued and outstanding	—	—
Common stock, $.01 par value—75,000 shares authorized; 34,277 and 34,230 shares issued and outstanding as of December 29, 2007 and December 30, 2006, respectively	343	342
Additional paid-in capital	443,272	438,961
Accumulated other comprehensive income	10,692	4,476
Accumulated deficit	(294,892)	(297,590)
Total stockholders' equity	159,415	146,189
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 704,875	$ 672,273

See accompanying notes to consolidated financial statements.

SAFETY-KLEEN HOLDCO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 29, 2007, DECEMBER 30, 2006 AND DECEMBER 31, 2005

(Amounts in thousands, except per share data)

	2007	2006	2005
REVENUES	$ 1,072,967	$ 1,002,243	$ 925,111
EXPENSES:			
Operating (exclusive of depreciation and amortization shown separately below)	891,768	828,461	773,037
General and administrative	75,649	87,392	95,644
Depreciation and amortization	68,637	77,943	77,543
Impairment of long-lived assets	—	1,573	26,176
Interest expense	24,683	41,260	59,226
Extinguishment of debt	—	33,107	16,548
Other expense (income)—net	5,140	2,146	(1,840)
	1,065,877	1,071,882	1,046,334
INCOME (LOSS) BEFORE INCOME TAXES	7,090	(69,639)	(121,223)
INCOME TAX EXPENSE	(2,598)	(3,728)	(2,643)
NET INCOME (LOSS)	$ 4,492	$ (73,367)	$ (123,866)
Income (loss) per common share:			
Basic	$ 0.13	$ (2.49)	$ (4.96)
Diluted	$ 0.12	$ (2.49)	$ (4.96)
Weighted average common shares outstanding:			
Basic	34,627	29,747	25,154
Diluted	36,999	29,747	25,154

See accompanying notes to consolidated financial statements.

SAFETY-KLEEN HOLDCO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 29, 2007, DECEMBER 30, 2006 AND DECEMBER 31, 2005

(Amounts in thousands)

	2007	2006	2005
OPERATING ACTIVITIES:			
Net income (loss)	$ 4,492	$ (73,367)	$ (123,866)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Non-cash interest expense	—	11,979	20,217
Amortization of debt discount and debt issuance costs	696	5,558	6,962
Impairment of long-lived assets	—	1,573	26,176
Depreciation and amortization	68,637	77,943	77,543
Provision for uncollectible accounts—net	5,427	3,106	1,271
Loss on sales of property, plant and equipment	3,434	3,216	3,645
Loss on extinguishment of debt	—	33,107	16,548
Stock-based compensation	4,110	4,559	2,063
Deferred income taxes	565	1,735	2,958
Gain on legal settlements	—	—	(5,566)
Proceeds from legal settlements	—	1,750	6,117
Gain on sale of securities	—	(327)	—
Loss (gain) on derivative instrument	1,275	(1,569)	—
Changes in operating assets and liabilities:			
Accounts receivable—net	(9,918)	6,516	(5,092)
Inventories and supplies	206	(16,366)	44
Accounts payable	(470)	(2,278)	(4,882)
Income taxes	(687)	25,477	5,625
Accrued professional fees	(6,682)	3,004	(5,591)
Accrued salaries and benefits	(9,651)	10,321	6,869
Environmental liabilities	(543)	(869)	(9,134)
Other assets and liabilities	5,378	(2,200)	(4,706)
Net cash provided by operating activities	66,269	92,868	17,201
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	1,008	4,181	4,994
Purchases of property, plant and equipment and intangible assets	(39,419)	(25,570)	(35,482)
Business acquisitions	(40,078)	(20,182)	—
Other	468	3,014	908
Net cash used in investing activities	(78,021)	(38,557)	(29,580)
FINANCING ACTIVITIES:			
Repayments of term loan	(2,300)	(148,875)	(120,505)
Proceeds from term loan	—	230,000	150,000
Prepayment penalty on revolver, term loan and letters of credit	—	(3,803)	(15,250)
Payment of debt issuance costs	—	(4,344)	(12,957)
Net change in revolver	16,400	(29,080)	11,955
Repayment of senior secured term loan	—	(176,410)	—
Repayments of capital lease obligations	(3,720)	(4,435)	(2,137)
Repayments of note payable	—	(708)	(1,679)
Proceeds from rights offering, net of costs	—	96,564	—
Redemption of preferred stock in minority interest	—	(10,000)	—
Preferred stock dividends paid	—	(2,457)	—
Other	202	120	—
Net cash provided by (used in) financing activities	10,582	(53,428)	9,427
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,249	(247)	241
NET CHANGE IN CASH AND CASH EQUIVALENTS	79	636	(2,711)
CASH AND CASH EQUIVALENTS—Beginning of year	2,669	2,033	4,744
CASH AND CASH EQUIVALENTS—End of year	$ 2,748	$ 2,669	$ 2,033
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$ 22,146	$ 27,022	$ 32,047

Income taxes paid	$ 395	$ —	$ —
Non-cash items:			
Property, plant and equipment acquired under capital leases or included in accounts payable	$ 12,787	$ 13,681	$ 7,094

See accompanying notes to consolidated financial statements.

SAFETY-KLEEN HOLDCO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

YEARS ENDED DECEMBER 29, 2007, DECEMBER 30, 2006 AND DECEMER 31, 2005

(Amounts in thousands)

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Comprehensive Income (Loss)	Total
BALANCE—December 31, 2004	$ 250	$ 338,204	$ 3,298	$ (100,357)		$ 241,395
Comprehensive income (loss):						
Net loss	—	—	—	(123,866)	$ (123,866)	(123,866)
Other comprehensive income:						
Foreign currency translation adjustments	—	—	1,219	—	1,219	1,219
Unrealized gain on marketable securities	—	—	92	—	92	92
Total comprehensive income (loss)	—	—	1,311	(123,866)	$ (122,555)	(122,555)
Stock-based compensation—stock options	—	1,541	—	—		1,541
Stock-based compensation—restricted stock units	—	522	—	—		522
BALANCE—December 31, 2005	$ 250	$ 340,267	$ 4,609	$ (224,223)		$ 120,903
Comprehensive income (loss):						
Net loss	—	—	—	(73,367)	$ (73,367)	(73,367)
Other comprehensive income:						
Foreign currency translation adjustments	—	—	(41)	—	(41)	(41)
Unrealized gain on marketable securities	—	—	(92)	—	(92)	(92)
Total comprehensive income (loss)	—	—	(133)	(73,367)	$ (73,500)	(73,500)
Proceeds from rights offering, net of costs	91	96,473	—	—		96,564
Preferred stock dividends paid	—	(2,457)	—	—		(2,457)
Stock-based compensation—stock options	—	3,356	—	—		3,356
Stock-based compensation—restricted stock	—	1,203	—	—		1,203
Exercise of stock options and restricted stock units	1	119	—	—		120
BALANCE—December 30, 2006	$ 342	$ 438,961	$ 4,476	$ (297,590)		$ 146,189
Comprehensive income (loss):						
Net income	—	—	—	4,492	$ 4,492	4,492
Other comprehensive income:						
Foreign currency translation adjustments	—	—	6,219	—	6,219	6,219
Unrealized losses on marketable securities	—	—	(3)	—	(3)	(3)
Total comprehensive income (loss)	—	—	6,216	4,492	$ 10,708	10,708
Stock-based compensation—stock options	—	3,662	—	—		3,662
Stock-based compensation—restricted stock units	—	448	—	—		448
Exercise of stock options	1	201	—	—		202
Cumulative effect of adopting FASB Interpretation No. 48	—	—	—	(1,794)		(1,794)

BALANCE—December 29, 2007	$ 343	$ 443,272	$ 10,692	$ (294,892)	$ 159,415

See accompanying notes to consolidated financial statements.

SAFETY-KLEEN HOLDCO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 29, 2007, DECEMBER 30, 2006 AND DECEMBER 31, 2005

1. BUSINESS AND ORGANIZATION

The consolidated financial statements include the accounts of Safety-Kleen HoldCo., Inc. and its wholly-owned subsidiaries (collectively, the "Company"). All significant intercompany transactions have been eliminated. Safety-Kleen HoldCo., Inc. serves as a holding company for its direct and indirect domestic and foreign subsidiaries. Prior to December 24, 2003, the holding company was Safety-Kleen Corp. (the "Predecessor Company"). In connection with the Company's emergence from bankruptcy, all conditions required for adoption of fresh start reporting were met on December 24, 2003 when the Predecessor Company's Plan of Reorganization became effective and the Predecessor Company was dissolved. For convenience, the Company used December 31, 2003 as the date to adopt the accounting provisions of fresh start reporting under Statement of Position ("SOP") 90-7, *Financial Reporting by Entities in Reorganization Under the Bankruptcy Code*. As a result, all assets and liabilities of the Predecessor Company were restated to reflect their respective fair values and became the new basis for the Company's consolidated balance sheet as of December 31, 2003. All operations beginning January 1, 2004 relate to the Company.

The Company provides a range of services designed to collect, transport, process, recycle, reuse, re-refine or dispose of hazardous and nonhazardous industrial waste. The Company provides these services in 48 states, Canada, Puerto Rico and Mexico from approximately 200 collection, processing and other locations. The Company also sells products and services that are used to meet the customer's cleaning and waste management needs, such as hand cleaners, floor cleaners, mats, spill kits and other absorbents.

During fiscal years 2007 and 2006, the Company completed the following acquisitions:

- On December 13, 2007, the Company acquired the assets and assumed certain environmental liabilities of Advanced Liquid Recycling, Inc. and United Oil Recovery, Inc. (collectively, "Advanced") for $38.6 million in cash. Of this amount, $3.7 million was paid subsequent to fiscal year 2007. The purchase price was allocated as follows:
    - $23.7 million to intangible assets, consisting of goodwill, which will be deductible for tax purposes, noncompete agreements and patents;
    - $16.7 million to tangible assets, primarily property, plant and equipment; and
    - $1.8 million to environmental liabilities.

The fair value of the assets and assumed liabilities was based on management's assessment as well as independent third-party appraisals in some cases. Advanced was one of the largest collectors and recyclers of used oil, oil filters and antifreeze in the Northeastern region of the United States. Advanced also provided parts washer services and manufactured and distributed windshield washer fluid. The Company acquired Advanced to further its presence in this region and to significantly expand its used oil operations. The operating results of the Advanced acquisition are included in the Company's consolidated results of operations from the date of the acquisition.

The estimates related to the Advanced acquisition are preliminary as of December 29, 2007. The Company is in the process of finalizing the valuation of the assets acquired. The completion of this analysis could result in an increase or decrease to the preliminary value assigned to these acquired assets, as well as to future periods' depreciation and amortization expense. The Company expects the analyses to be completed during 2008 without any material adjustments.

1. BUSINESS AND ORGANIZATION (Continued)

- On February 22, 2007, the Company completed an asset acquisition of Active Chemicals, Ltd., a Canadian company, for approximately $3.6 million in cash. The purchase price was allocated primarily to property, plant and equipment.
- On December 11, 2006 the Company acquired certain assets and liabilities of Jacobus Environmental Services, LLC ("JES") for $18.9 million in cash. The Company allocated $14.3 million to intangible assets, primarily goodwill, which is deductible for tax purposes, and $4.6 million to tangible assets, primarily property, plant and equipment. JES was a division of Jacobus Energy, Inc. and specialized in the collection, testing and recycling of used oil, oily water, used antifreeze, oil filters and absorbents. The Company acquired JES to further its presence in the upper Midwestern region of the United States. The acquisition included five oil collection facilities and tanks previously owned or leased by JES in Minnesota, Wisconsin and Wyoming. The operating results of the JES acquisition are included in the Company's consolidated results of operations from the date of acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal Year—The Company utilizes a 52-week fiscal year comprised of thirteen periods consisting of four weeks, each ending on a Saturday.

Cash and Cash Equivalents—Cash and cash equivalents consist of cash on deposit and term deposits in investments with original maturities of three months or less. These investments are stated at cost, which approximates fair value.

Cash Flows—The Company had $18.8 million, $12.5 million and $28.6 million of book overdrafts included in accounts payable in the accompanying consolidated balance sheets as of December 29, 2007, December 30, 2006 and December 31, 2005, respectively. Changes in cash overdrafts resulting from outstanding checks not yet presented for payment to the Company's financial institutions have been classified as cash flows from operating activities in the consolidated statements of cash flows.

Accounts Receivable and Allowance for Uncollectible Accounts—Accounts receivable consist primarily of amounts due from customers from sales of products and services. The allowance for uncollectible accounts totaled $8.7 million and $6.9 million as of December 29, 2007 and December 30, 2006, respectively. The Company performs periodic credit evaluations of its customers and maintains an allowance for uncollectible accounts for estimated losses that may result from the inability of its customers to make required payments. Allowances are based on the likelihood of recoverability of accounts receivable considering such factors as past experience and taking into account current collection trends that are expected to continue. Factors taken into consideration in estimating the allowances are amounts past due, amounts in dispute or customers that the Company believes might be having financial difficulties. If economic, industry or specific customer business trends worsen beyond earlier estimates, the Company increases the allowance for uncollectible accounts by recording additional expense in the period in which it becomes aware of the new conditions.

Credit Concentration—The majority of the Company's customers are based in North America. The economic conditions in this area can significantly impact the recoverability of the Company's receivables. No one customer represents more than five percent of the Company's revenue and this

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

lack of credit concentration mitigates this risk. The Company holds its cash and cash equivalents in a variety of high credit quality financial institutions and periodically evaluates the credit worthiness of the institutions with which it invests. However, the Company does maintain cash balances in excess of FDIC insurance limits. The Company has not experienced any losses in these accounts and believes it is not exposed to any significant risk on cash and cash equivalents.

Inventories and Supplies—Inventories consist primarily of solvent, oil and oil products, drums, associated products for resale, and supplies and repair parts that are stated at the lower of cost or market approximating cost on a first in, first out basis. The Company periodically reviews its inventories for obsolete or unsaleable items and adjusts its carrying value to reflect estimated realizable values.

Assets and Liabilities Held for Sale—The Company records long-lived assets held for sale and the related liabilities in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("SFAS No. 144"), at the lower of carrying value or estimated fair value less cost to sell. Fair value is based on the estimated proceeds from the sale of the long-lived asset utilizing recent purchase offers, market comparables and/or data obtained from the Company's commercial real estate broker. The Company ceases to record depreciation expense at such time that the asset is classified as held for sale.

If circumstances arise to which the long-lived asset no longer meets the criteria of held for sale, the long-lived asset will be reclassified back to held and used. The amount reclassified is the lower of the carrying amount before the long-lived asset was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the long-lived asset been continuously classified as held and used, or fair value at the date of the subsequent decision not to sell. The Company records any adjustment to the carrying amount of a long-lived asset, related to the reclassification of a long-lived asset, in the consolidated statement of operations as a component of other expense.

Property, Plant and Equipment—Property, plant and equipment are recorded at cost, and includes interest capitalized in connection with major long-term construction projects. Expenditures for major renewals and improvements that extend the life or usefulness of the asset and current year purchases are capitalized and depreciated over the remaining useful life of the asset. Items of an ordinary repair or maintenance nature, including planned major maintenance, are charged directly to expense as incurred.

Upon the sale or retirement of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss on such disposition is recognized in the consolidated statement of operations.

Machinery and equipment includes amounts for company owned parts washer service machines placed at customers' locations as part of the Company's parts cleaning service business. Depreciation commences when a unit is placed in service at a customer's location. The net book value of such machines was $45.0 million and $46.1 million as of December 29, 2007 and December 30, 2006, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During the construction and development period of an asset, the costs incurred are classified as construction in process. Once an asset has been completed and is ready for its intended use, it is transferred to the appropriate asset category and depreciation commences.

Leased property, plant and equipment meeting capital lease criteria are capitalized at the lower of the present value of the future minimum lease payments or the fair value of the leased property at the inception of the lease. Depreciation is calculated based on either the life of the respective asset category or lease term, depending on which capital lease criteria the lease satisfied.

The Company uses the straight-line method of depreciation over the following estimated useful lives:

Buildings	6 to 40 years
Machinery and equipment	3 to 30 years
Leasehold improvements	Lesser of useful life or lease term

Capitalized Software Development Costs—Software development costs incurred in the application development stage of internal use software are capitalized in accordance with SOP 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*, and classified as construction-in-process in the consolidated balance sheet. Modifications and upgrades to internal use software are capitalized to the extent such enhancements provide added functionality. Once the software is ready for its intended use, it is transferred from construction-in-process to software, and amortized over five years. Amortization expense related to capitalized software costs was $7.5 million, $6.9 million and $6.5 million for fiscal years 2007, 2006 and 2005, respectively. Costs incurred in the preliminary project stage, or costs associated with application maintenance or training are expensed as incurred.

Asset Retirement Obligation—The Company accounts for its asset retirement obligations in accordance with SFAS No. 143, *Accounting for Asset Retirement Obligations* ("SFAS No. 143"), and Financial Accounting Standards Board ("FASB") Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* ("FIN 47"). FIN 47 clarifies that the term "conditional asset retirement obligation" as used in SFAS No. 143 refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. An entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated, even if conditional on a future event. The Company estimates the fair value of these obligations based upon engineering estimates of the cost to close certain operating facilities in current dollars, which are inflated to the estimated closure dates and then discounted back to the date the liability was incurred. The offset to the asset retirement obligation is an increase in the carrying amount of the related tangible long lived assets which is depreciated over its estimated useful life. The liability is accreted over time to a projected disposal date. Accretion expense is recognized as an operating expense using the credit-adjusted, risk-free interest rate in effect when the liability was recognized. Upon settlement of the liability, the Company will record a gain or loss for the difference between the recorded liability and the actual settlement amount to be paid.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill and Other Intangible Assets—Goodwill acquired is subject to the provisions of SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS No. 142"), and, thus, is not being amortized. In accordance with SFAS No. 142, the Company conducts impairment tests of goodwill and intangible assets with indefinite lives annually, on the first day of the fourth quarter, or when circumstances arise that indicate a possible impairment might exist.

The Company estimates the fair value of goodwill using the market approach. If the carrying value of the reporting unit exceeds its fair value, goodwill is considered impaired and a second step is performed to measure the amount of impairment loss, if any. The Company performs its impairment review at the entity level as it has only one operating segment, which is also the Company's sole reporting unit. Based on the analysis performed, the Company concluded that there is no impairment of goodwill for fiscal years 2007 and 2006.

The Company utilizes the relief-from-royalty (royalty savings) concept to evaluate its trade name. In the royalty savings concept, value is attributed to the savings in royalties resulting from a company's ownership of a trade name. If the total value attributed to the savings in royalties is less than the carrying value of a trade name, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the trade name. The Company has concluded that there is no impairment of its trade name for fiscal years 2007, 2006 and 2005.

Furthermore, SFAS 142 requires purchased intangible assets other than goodwill to be amortized over their useful lives unless these lives are determined to be indefinite. Purchased intangible assets are carried at cost less accumulated amortization.

Intangible assets that have definite lives are amortized using the straight-line method, over their useful lives, which range from 5 years to 40 years and are reviewed for impairment as discussed below.

Valuation of Long-Lived Assets—The Company accounts for the impairment or disposal of long-lived assets in accordance with SFAS No. 144, which requires long-lived assets, such as property, plant and equipment and definite-lived intangible assets, to be evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. If the sum of the estimated undiscounted future cash flows is less than the carrying value of the asset or asset group, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the asset or asset group. During fiscal year 2006, the Company recognized an impairment charge of $1.6 million on the write-down of long-lived assets to their estimated fair value, of which approximately $900 thousand related to assets classified as held for sale. During fiscal year 2005, the Company recorded an impairment charge of $26.2 million related to capitalized costs associated with its decision to terminate the implementation of certain operating software. The Company made the decision to terminate the project as additional expenditures to finish the project were determined to be significantly greater than originally estimated and the implementation was considered to be a significant risk to the business.

Revenue Recognition and Deferred Revenue—The Company recognizes revenue upon disposal for its waste collection and disposal activities, and over the applicable service intervals for its parts cleaning and related businesses. Oil collection services revenue is recognized when services are performed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from product sales is recognized upon delivery to the customer. Deferred revenue has been recorded for services billed but not earned. Direct costs associated with the handling and transportation of waste prior to its disposal and other variable direct costs associated with the Company's parts cleaning and related businesses are capitalized and deferred as a component of other current assets in the accompanying consolidated balance sheets and expensed when the related revenue is recognized. Deferral periods related to deferred revenue and the related direct costs typically range from one to three months.

In the course of the Company's operations, it collects sales tax from its customers. The Company records a current liability when it collects sales taxes from its customers and eliminates this liability when the taxes are remitted to the appropriate governmental authorities. The Company excludes the sales tax collected from its revenues.

The Company engages in barter transactions with certain customers whereby the Company provides products and services in exchange for advertising. The Company records these barter transactions based on the fair market value of products delivered and services performed. The amount of revenue and expense recognized for advertising barter transactions was $1.5 million, $1.5 million and $1.4 million in fiscal years 2007, 2006 and 2005, respectively.

Income Taxes—The Company provides for federal, state and foreign income taxes currently payable, as well as for those deferred due to timing differences between reported income and expenses for financial statement purposes versus tax purposes. Federal, state and foreign tax benefits are recorded as a reduction of income taxes. Income taxes are calculated in accordance with SFAS No. 109, *Accounting for Income Taxes* ("SFAS No. 109"), which requires that deferred income taxes reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts using enacted tax rates. SFAS No. 109 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized (see Note 9).

The Company evaluates its deferred taxes for future realization and provides a valuation allowance if necessary. The factors used to assess the likelihood of realizing the deferred tax assets include the Company's estimates of future taxable income and planned tax initiatives.

The Company adopted the provisions of the FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* ("FIN 48"), on December 31, 2006. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For benefits to be realized, a tax position must be more likely than not to be sustained upon examination. The amount recognized is measured as the largest amount of benefit that is more likely than not to be realized upon settlement.

The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as a component of income tax expense.

Insurance Programs—The Company is self-insured for certain general liability (including product liability), workers' compensation, automobile liability and general health insurance claims. For claims that are self-insured, stop-loss insurance coverage is maintained for health insurance occurrences

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

exceeding $300 thousand, workers' compensation occurrences exceeding $1.0 million, automobile occurrences exceeding $3.0 million and general liability (including product liability) occurrences exceeding $2.0 million. The Company utilizes actuarial estimates and historical data studies as the basis for developing reported claims and estimating the ultimate costs for claims incurred but not reported as of the balance sheet date. The expected ultimate cost for claims incurred as of the balance sheet date is not discounted and is recognized as a liability. Changes in estimates and assumptions may result in adjustments to the recorded accruals.

Environmental Liabilities—The Company's environmental expenditures are expensed or capitalized depending on their future economic benefit. Expenditures that relate to an existing condition caused by past operations and that have no future economic benefit are expensed. Expenditures that extend the life of the related property or mitigate or prevent future environmental contamination are capitalized. Liabilities are recorded when environmental assessment or remediation is probable and the costs can be reasonably estimated. Such liabilities are undiscounted.

The Company periodically reviews and evaluates sites requiring remediation, including Superfund sites, giving consideration to the nature (i.e., owner, operator, transporter or generator) and the extent (i.e., amount and nature of waste hauled to the location, number of years of site operations or other relevant factors) of the Company's alleged connection with the site; the regulatory context surrounding the site; the accuracy and strength of evidence connecting the Company to the site; the number, connection and financial ability of other named and unnamed Potentially Responsible Parties ("PRPs"); and the nature and estimated cost of the likely remedy. When the Company concludes that it is probable that a liability has been incurred, provision is made in the consolidated financial statements, based upon management's judgment and prior experience, for the Company's best estimate of the liability. Such estimates, which are inherently subject to change, are subsequently revised if and when additional information becomes available (see Note 10).

As of December 29, 2007, the Company was considered a PRP at 23 active Superfund sites, of which the Company has recorded a liability in the accompanying balance sheet related to 14 sites. Of the remaining nine sites, the Company has a third party indemnification at four sites, the liabilities of which were retained by McKesson Corp. ("McKesson") pursuant to a March 31, 1987 sale agreement between McKesson and the Predecessor Company. Additionally, there are five sites where the Company cannot reasonably estimate any liability. The majority of the issues at these sites relate to allegations that the Predecessor Company transported waste to the sites in question. As an inherent part of the hazardous waste business, the Company expects to continue the historical trend of being named as a PRP at approximately three to five additional Superfund sites each year.

In addition to liabilities related to Superfund sites, the Company has recorded liabilities for remediation projects at 49 open and 39 closed sites. Revisions to environmental liabilities may result in adjustments to income from operations in any given period. The Company believes that its extensive experience in the environmental services business, as well as its involvement with a large number of sites, provides a reasonable basis for estimating its aggregate liability. It is possible, however, that technological, regulatory or enforcement developments; the results of environmental studies; or other factors could necessitate the recording of additional liabilities or the revision of currently recorded liabilities that could be material. The impact of such future events currently cannot be estimated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock-Based Compensation—The Company accounts for its stock-based awards in accordance with SFAS No. 123, *Share-Based Payment* (revised 2004) ("SFAS No. 123R"). SFAS No. 123R requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. The fair value of stock options is estimated at the date of grant using the Black-Scholes-Merton option valuation model. This model was developed for use in estimating the fair value of exchange traded options that have no vesting restrictions and are fully transferable. Option valuation methods require the input of subjective assumptions, including the expected stock price volatility. The Company recognizes the compensation cost, using the straight-line method, over the period during which an employee is required to provide services in exchange for the award (usually the vesting period).

Advertising Costs—The Company expenses advertising costs as incurred. Advertising costs, including amounts related to barter transactions, were $2.6 million, $3.9 million and $2.5 million for fiscal years 2007, 2006 and 2005, respectively.

Derivative Financial Instruments—A derivative is typically defined as an instrument whose value is "derived" from an underlying instrument or index, such as a future, forward, swap, or option contract, or other financial instrument with similar characteristics. Derivative contracts often involve future commitments to exchange interest payment streams or currencies based on a notional or contractual amount (i.e., interest rate swaps or currency forwards) or to purchase or sell other financial instruments at specified terms on a specified date (i.e., options to buy or sell securities or currencies).

As a stipulation of the Company's previous $350.0 million senior credit facility (see Note 11), in April 2005, the Company entered into an interest rate swap agreement (the "Swap") with a notional amount of $100.0 million that expires in May 2008. In accordance with the Swap, the Company pays an interest rate that fixes LIBOR at 4.09%, and the major financial institution, as a counter party to the Swap, pays the Company interest at a floating rate based on three-month LIBOR on the notional amount. The fair value of the derivative was $294 thousand and $1.6 million as of December 29, 2007 and December 30, 2006, respectively. The derivative instrument was not designated as a hedge and, as such, the related gains and losses are included in the consolidated statement of operations as a component of interest expense.

Foreign Currency—Foreign subsidiary balances are translated according to the provisions of SFAS No. 52, *Foreign Currency Translation*. The functional currency of each foreign subsidiary is its respective local currency. Assets and liabilities are translated to U.S. dollars at the exchange rate in effect at the consolidated balance sheet date and revenues and expenses at the average exchange rate for the period. Gains and losses from the translation of the consolidated financial statements of the foreign subsidiaries into U.S. dollars are included in stockholders' equity as a component of other comprehensive income.

Gains and losses resulting from foreign currency transactions are recognized in the other expense (income) line item in the accompanying consolidated statements of operations. The Company recognized a loss of $935 thousand, a gain of $167 thousand and a loss of $196 thousand from foreign currency transactions for fiscal years 2007, 2006 and 2005, respectively. Recorded balances that are denominated in a currency other than the functional currency are remeasured to the functional currency using the exchange rate at the consolidated balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income (loss) per share—Income (loss) per share is computed by dividing income or loss available to common stockholders by the weighted average number of common shares outstanding during the reporting period. Diluted income (loss) per share is computed based on the weighted average number of shares outstanding during the period increased by the effect of all potentially dilutive shares that were outstanding during the same period.

Use of Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated balance sheet and the reported amounts of revenues and expenses during the reporting period. Certain estimates require management's judgment and, when applied, materially affect the Company's consolidated financial statements. Actual results could differ materially from those estimates.

Risks and Uncertainties—The Company uses estimates and assumptions, because certain information used in the preparation of the Company's consolidated financial statements is dependent on the outcome of future events and therefore cannot be calculated with a high degree of precision from data available or cannot be calculated based on widely used methodologies. The most difficult, subjective and complex estimates and the assumptions that deal with the greatest amount of uncertainty and require significant judgment by the Company include the allowance for uncollectible accounts, inventory obsolescence reserves, deferred revenues, environmental liabilities, liabilities for the ultimate outcome of contingencies and legal proceedings, derivative financial instruments, taxes and retained liabilities for self-insurance.

For fiscal years 2007, 2006 and 2005, the Company derived approximately 39%, 35% and 30%, respectively, of its revenues from oil industry related sales and services.

Included in the Company's consolidated balance sheets are the net assets of the Company's Canadian operations, which were $36.4 million Canadian dollars ("CDN") and $39.4 million CDN as of December 29, 2007 and December 30, 2006, respectively.

Recent Accounting Pronouncements—In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under this statement, fair value measurements are required to be separately disclosed, by level, within the fair value hierarchy. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FSP 157-2, which amends SFAS No. 157 to delay the effective date of SFAS No. 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis, to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. In February 2008, the FASB also issued FSP 157-1, that would exclude leasing transactions accounted for under SFAS No. 13, *Accounting for Leases*, and its related interpretive accounting pronouncements. The Company is currently evaluating the impact of SFAS No. 157 but does not expect its adoption to have a material impact on the Company's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106 and 132R* ("SFAS No. 158"). SFAS No. 158 requires that the funded status of defined benefit postretirement plans be recognized on a company's balance sheet, and changes in the funded status be reflected in comprehensive income. For companies without publicly traded equity securities, SFAS No. 158 is effective for fiscal years ending after June 15, 2007. This provision of SFAS No. 158 had no impact on the Company. SFAS No. 158 also requires companies to measure the funded status of the plan as of the date of its fiscal year-end, effective for fiscal years ending after December 15, 2008. The Company is currently evaluating the impact of the remaining provisions of SFAS No. 158, but does not expect its adoption to have a material impact on the Company's consolidated financial statements.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115* ("SFAS No. 159"). SFAS No. 159 permits companies to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company is currently evaluating the impact of SFAS No. 159 but does not expect its adoption to have a material impact on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* ("SFAS No. 141R"). SFAS No. 141R requires the acquiring entity in a business combination to recognize the full fair value of assets acquired and liabilities assumed in the transaction whether full or partial acquisition, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, requires expensing of most transaction and restructuring costs, and requires the acquirer to disclose all information needed to evaluate and understand the nature and financial effect of the business combination. SFAS No. 141R applies to all transactions or other events in which an entity obtains control of one or more businesses. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first fiscal year beginning after December 15, 2008. The Company is currently evaluating the impact SFAS No. 141R may have on its consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—An Amendment of ARB No. 51*, ("SFAS No. 160"). SFAS No. 160 requires reporting entities to present noncontrolling (minority) interests as equity as opposed to a liability or mezzanine equity and provides guidance on the accounting for transactions between an entity and noncontrolling interests. SFAS No. 160 is effective the first fiscal year beginning after December 15, 2008, and interim periods within that fiscal year. SFAS No. 160 applies prospectively as of the beginning of the fiscal year it is initially applied, except for the presentation and disclosure requirements which are applied retrospectively for all periods presented. The Company is currently evaluating the impact of SFAS No. 160 but does not expect its adoption to have an impact on the Company's consolidated financial statements.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following (in thousands):

	December 29, 2007	December 30, 2006
Trade accounts receivable	$ 144,005	$ 130,049
Other receivables	759	1,128
Allowance for uncollectible accounts	(8,711)	(6,946)
Total accounts receivable—net	$ 136,053	$ 124,231

4. INVENTORIES AND SUPPLIES

Inventories and supplies consisted of the following (in thousands):

	December 29, 2007	December 30, 2006
Oil and oil products	$ 36,830	$ 34,572
Supplies and drums	17,519	16,916
Solvents and solutions	8,017	7,765
Other	6,921	7,641
Reserves	(3,505)	(4,495)
Total inventories and supplies	$ 65,782	$ 62,399

5. OTHER CURRENT ASSETS

Other current assets consisted of the following (in thousands):

	December 29, 2007	December 30, 2006
Assets held for sale (see Note 6)	$ 13,067	$ 13,556
Prepaid expenses and deposits	11,583	13,921
Deferred direct costs	7,840	7,822
Other	3,578	4,697
Total other current assets	$ 36,068	$ 39,996

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in thousands):

	December 29, 2007	December 30, 2006
Land	$ 59,763	$ 55,501
Buildings	95,968	88,552
Machinery and equipment	411,052	367,895
Asset retirement obligations	5,267	5,095
Construction-in-process	10,033	9,964
Total property, plant and equipment	582,083	527,007
Less accumulated depreciation and amortization	(245,024)	(194,161)
Property, plant and equipment—net	$ 337,059	$ 332,846

Depreciation and amortization expense related to property, plant and equipment, including assets held under capital lease arrangements, was $60.3 million, $70.3 million and $70.4 million for fiscal years 2007, 2006 and 2005, respectively.

Assets held by the Company under capital lease arrangements that are included in property, plant and equipment were as follows (in thousands):

	December 29, 2007	December 30, 2006
Machinery and equipment	$ 43,108	$ 30,725
Less accumulated amortization	(10,739)	(7,589)
Total assets under capital leases—net	$ 32,369	$ 23,136

The Company had approximately $13.1 million and $13.6 million of assets held for sale, which are expected to be sold in 2008, that are included in other current assets in the accompanying consolidated balance sheets as of December 29, 2007 and December 30, 2006, respectively. The Company had approximately $3.3 million and $3.1 million of related liabilities that are included in other current liabilities in the accompanying consolidated balance sheets as of December 29, 2007 and December 30, 2006, respectively (See Note 24).

7. OTHER INTANGIBLE ASSETS

Other intangible assets consisted of the following (in thousands):

	December 29, 2007			
	Gross Value	Accumulated Amortization	Other	Net
Intangible assets subject to amortization:				
Permits	$ 21,204	$ (2,224)	$ —	$ 18,980
Software	38,646	(26,166)	—	12,480
Other intangibles	5,901	(342)	—	5,559
	65,751	(28,732)	—	37,019
Intangible assets not subject to amortization:				
Trade name	50,267	—	(2,062)	48,205
Other intangible assets	$ 116,018	$ (28,732)	$ (2,062)	$ 85,224

	December 30, 2006			
	Gross Value	Accumulated Amortization	Other	Net
Intangible assets subject to amortization:				
Permits	$ 19,794	$ (1,595)	$ —	$ 18,199
Software	35,076	(18,691)	—	16,385
Other intangibles	975	(47)	—	928
	55,845	(20,333)	—	35,512
Intangible assets not subject to amortization:				
Trade name	50,068	—	—	50,068
Other intangible assets	$ 105,913	$ (20,333)	$ —	$ 85,580

During fiscal year 2007, the Company received approximately $2.7 million of interest income from interest netting claims it had with the Internal Revenue Service ("IRS"), related to periods that preceded its emergence from bankruptcy. As a result, the Company reduced the carrying value of its trade name by $2.1 million, for interest that related to the period prior to its emergence from bankruptcy, with the remaining interest income of $600 thousand, related to the period subsequent to the Company's emergence from bankruptcy, included in the consolidated statement of operations as a component of income tax expense.

The weighted average useful lives of software, permits and other intangibles acquired during fiscal year 2007 were 5 years, 26 years and 7 years, respectively. Aggregate amortization expense for intangible assets subject to amortization was $8.3 million, $7.6 million and $7.1 million for fiscal years

SAFETY-KLEEN HOLDCO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEARS ENDED DECEMBER 29, 2007, DECEMBER 30, 2006 AND DECEMBER 31, 2005

7. OTHER INTANGIBLE ASSETS (Continued)

2007, 2006 and 2005, respectively. Estimated future amortization expense associated with intangible assets with determinable lives is as follows (in thousands):

Fiscal Year	
2008	$ 9,320
2009	4,090
2010	2,833
2011	2,303
2012	1,565
Thereafter	16,908
	$ 37,019

8. ACCRUED OTHER LIABILITIES

Accrued other liabilities consisted of the following (in thousands):

	December 29, 2007	December 30, 2006
Taxes other than income	$ 9,319	$ 7,991
Vehicle maintenance	5,159	5,371
Insurance	6,743	5,076
Cost of materials	9,673	8,223
Liabilities related to assets held for sale	3,348	3,089
Other	22,207	20,424
Total accrued other liabilities	$ 56,449	$ 50,174

9. INCOME TAXES

For financial reporting purposes, income (loss) before income taxes, showing domestic and foreign sources, was as follows for fiscal years (in thousands):

	2007	2006	2005
Domestic	$ 6,490	$ (69,838)	$ (116,968)
Foreign	600	199	(4,255)
Income (loss) before income taxes	$ 7,090	$ (69,639)	$ (121,223)

SAFETY-KLEEN HOLDCO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEARS ENDED DECEMBER 29, 2007, DECEMBER 30, 2006 AND DECEMBER 31, 2005

9. INCOME TAXES (Continued)

Income tax expense was as follows for fiscal years (in thousands):

	2007	2006	2005
Current:			
Federal	$ (283)	$ —	$ (22)
State	468	—	57
Foreign	1,848	1,993	(350)
Total current tax expense	2,033	1,993	(315)
Deferred:			
Federal	500	1,569	—
State	65	166	—
Foreign	—	—	2,958
Total deferred tax expense	565	1,735	2,958
Total income tax expense	$ 2,598	$ 3,728	$ 2,643

A reconciliation of income tax expense calculated by applying the domestic statutory federal income tax rate to the income (loss) before income taxes was as follows for fiscal years (in thousands):

	2007	2006	2005
Federal tax expense (benefit)—statutory rate	$ 2,481	$ (24,374)	$ (42,427)
State income tax expense (benefit)	400	(2,465)	(3,669)
Permanent differences	946	1,242	2,908
Change in valuation allowance	(3,036)	29,078	43,819
Change in contingency reserves	1,793	1,480	(330)
Other	14	(1,233)	2,342
Income tax expense	$ 2,598	$ 3,728	$ 2,643

9. INCOME TAXES (Continued)

Deferred tax assets and liabilities consisted of the following (in thousands):

	December 29, 2007	December 30, 2006
Current:		
Assets:		
Allowance for uncollectible accounts	$ 3,343	$ 2,490
Accrued liabilities	10,282	11,288
Total current deferred tax assets	13,625	13,778
Valuation allowance	(10,160)	(10,574)
Net current deferred tax asset	3,465	3,204
Noncurrent:		
Assets:		
Accrued liabilities	28,829	19,690
Net operating loss carryforwards	115,326	122,546
Total noncurrent deferred tax assets	144,155	142,236
Valuation allowance	(113,188)	(112,282)
Net noncurrent deferred tax asset	30,967	29,954
Liability—fixed and intangible assets—net	(36,732)	(34,893)
Net noncurrent deferred tax liability	(5,765)	(4,939)
Total net deferred tax liability	$ (2,300)	$ (1,735)

The Company adopted the provisions of FIN 48, on December 31, 2006. As a result of the implementation of FIN 48, the Company recorded a cumulative effect of a change in accounting principle by recording an increase to other long-term liabilities and accumulated deficit of $1.8 million. Additionally, the adoption of FIN 48 resulted in a decrease to the NOL carryforward deferred tax asset of $1.9 million, offset by a corresponding reduction in the valuation allowance.

A reconciliation of the total unrecognized tax benefits at the beginning and end of the year is as follows (in thousands):

Beginning of fiscal year—December 31, 2006	$ 10,756

Currency translation adjustment		1,726
End of fiscal year—December 29, 2007	$	12,482

9. INCOME TAXES (Continued)

If the unrecognized tax benefits were to be realized, approximately $1.4 million would impact the Company's effective tax rate and the remainder would reduce the carrying value of its trade name.

Accrued interest associated with unrecognized tax benefits was $9.4 million, as of December 29, 2007, which is included in other long-term liabilities in the accompanying consolidated balance sheet. It is the Company's policy to account for interest and penalties related to unrecognized tax benefits, as a component of income tax expense. During fiscal year 2007, the Company recognized $1.8 million of interest in the consolidated statement of operations as a component of income tax expense. The Company did not have any penalties accrued as of December 29, 2007 or included in income tax expense in fiscal year 2007.

The Company does not expect any material changes to its liability for uncertain tax positions during the next fiscal year.

The Company files a consolidated U.S. income tax return and income tax returns in various state and local jurisdictions. In addition to the U.S., the Company files income tax returns in Canada, Puerto Rico and Mexico. As of December 29, 2007, the Company is subject to U.S. federal income tax examinations for tax years 2003 through 2006, and to foreign income tax examinations for tax years 1999 through 2006. In addition, the Company is subject to state and local income tax examinations for tax years 2003 through 2006.

Upon emergence from bankruptcy, the Company recognized a deferred tax asset for certain environmental and other contingent liabilities recorded for financial reporting purposes with no income tax basis and a corresponding deferred tax liability for the difference in the financial reporting basis and tax basis of its indefinite lived intangible asset. These deferred tax items are being reduced to zero as the Company makes payments against the environmental and other contingent liabilities and the corresponding tax basis intangibles are amortized. The deferred tax asset was $11.5 million and the deferred tax liability was $13.8 million as of December 29, 2007.

As of December 29, 2007, the Company had net operating loss ("NOL") carryforwards for U.S. federal income taxes of approximately $275.1 million which begin to expire in 2024. Upon realization of the 2006 NOL, approximately $942 thousand will be recorded to additional paid-in capital for tax benefits related to stock compensation expense. The Company determined it incurred an ownership change for tax purposes on or about October 26, 2005. As a result, the U.S. NOLs incurred prior to that date of $211.0 million are subject to certain annual limitations under IRS Code Section 382. The Company had foreign NOLs of approximately $31.4 million, which begin to expire in 2008. The Company also has an alternative minimum tax credit carryforward of $329 thousand, which does not expire.

The Company's tax returns are subject to periodic audits by the various jurisdictions in which it operates. These audits, including those currently underway, can result in adjustments of taxes due or adjustments of the NOLs, which are available to offset future taxable income. The Company believes that it has appropriately accrued the potential financial statement impact related to any potential adjustments. The amounts accrued are estimates, and the ultimate settlements could differ materially from those estimates.

9. INCOME TAXES (Continued)

Valuation allowances have been established for uncertainties in realizing the benefit of certain tax loss carryforwards and other deferred tax assets. When assessing carryforwards and other deferred tax assets for future realization, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The Company provides a valuation allowance in the period in which management determines it is more likely than not that deferred tax assets will not be realized. The change in the valuation allowance of $492 thousand, for fiscal year 2007, includes the effects of the adoption of FIN 48, which did not impact the reconciliation of income tax expense. The change in the valuation allowance was $29.1 million for fiscal year 2006.

During fiscal year 2007, the Company received interest related to its claims with the IRS for periods that preceded emergence from bankruptcy. The Company reduced the carrying value of its trade name for interest that related to the period prior to emergence from bankruptcy, with the remaining interest income related to the period subsequent to the Company's emergence from bankruptcy included in the consolidated statement of operations as a component of income tax expense (See Note 7).

Subsequent to fiscal year 2007, the Company received an additional $5.0 million of interest related to its claims with the IRS for periods that preceded emergence from bankruptcy. As a result, the Company will reduce the carrying value of its trade name by $1.4 million and the remaining benefit of $3.6 million will be included in the consolidated statement of operations as a component of income tax expense in fiscal year 2008.

10. ENVIRONMENTAL LIABILITIES

The Company's environmental liabilities consist of remediation, closure and postclosure liabilities (including Superfund liabilities) and asset retirement obligation liabilities. The Company's operating permits, which allow its branch, recycle and oil facilities to collect, re-refine and recycle various hazardous and nonhazardous waste streams and oil products, require the Company to perform certain tasks at each facility upon closure. These mandated tasks constitute a legal asset retirement obligation as defined under SFAS No. 143 and are accrued as a liability by the Company.

The Company's liabilities for remediation, closure, postclosure and asset retirement obligations were as follows (in thousands):

	December 29, 2007	December 30, 2006
Current portion of environmental liabilities	$ 6,882	$ 6,298
Long-term portion of environmental liabilities	48,495	45,475
Total environmental liabilities	$ 55,377	$ 51,773

10. ENVIRONMENTAL LIABILITIES (Continued)

The changes in environmental liabilities were as follows (in thousands):

	Asset Retirement Obligations	Remediation, Closure and Postclosure (Including Superfund)	Total
December 31, 2005	$ 6,696	$ 48,632	$ 55,328
Changes in estimated costs	343	2,787	3,130
Accretion	1,068	—	1,068
Foreign currency translation	2	59	61
Facility retirement	(196)	112	(84)
Transfers to liabilities related to assets held for sale	(112)	(2,977)	(3,089)
Payments	—	(4,641)	(4,641)
December 30, 2006	7,801	43,972	51,773
Changes in estimated costs	13	3,458	3,471
Accretion	1,229	—	1,229
Foreign currency translation	100	2,165	2,265
Facility retirement	(233)	233	—
Transfers to liabilities related to assets held for sale	(18)	(241)	(259)
Acquisition related liabilities (See Note 1)	240	1,578	1,818
Payments	—	(4,920)	(4,920)
December 29, 2007	$ 9,132	$ 46,245	$ 55,377

10. ENVIRONMENTAL LIABILITIES (Continued)

Anticipated payments and anticipated timing of necessary regulatory approvals to commence work on remediation, closure and postclosure activities for each of the next five years and thereafter are as follows (in thousands):

Fiscal Year	
2008	$ 6,882
2009	4,920
2010	4,920
2011	4,641
2012	4,430
Thereafter	20,452
Total	$ 46,245

11. LONG-TERM DEBT AND OTHER FINANCING

Long-term debt consisted of the following (in thousands):

	December 29, 2007	December 30, 2006
Senior credit facility:		
Term loan	$ 227,700	$ 230,000
Revolver	16,400	—
Capital lease obligations	34,152	25,140
Total debt	278,252	255,140
Less current portion	(23,065)	(5,482)
Total long-term debt	$ 255,187	$ 249,658

Senior Credit Facility—On August 3, 2006, the Company refinanced its existing $350.0 million senior credit facility (the "Previous Facility") with a new $395.0 million senior credit facility (the "New Facility") (See Note 12). Certain of the Company's stockholders are participants in the New Facility. The New Facility consists of a $100.0 million revolving credit facility (the "Revolver"), a $65.0 million letter of credit facility (the "LOC"), which was reduced to $60.0 million during fiscal year 2007, and a $230.0 million term loan facility (the "Term Loan"). The New Facility contains an expansion feature up to $100.0 million, which is subject to certain conditions. The proceeds from the New Facility, in conjunction with the Rights Offering (See Note 12), were used to repay amounts outstanding under the Previous Facility, repay the senior secured notes ("Senior Notes"), redeem preferred stock outstanding and pay preferred stock dividends. The Revolver is due in August 2012 and both the Term Loan and LOC are due in August 2013. The New Facility is collateralized by a first lien on substantially all of the domestic assets of the Company. As a result of the refinancing, the Company reduced its effective interest rate.

11. LONG-TERM DEBT AND OTHER FINANCING (Continued)

The New Facility contains certain rates and fees over the term of the loan, which include the following:

Revolver	—	The Revolver will bear interest at LIBOR plus the applicable margin ranging from 1.75% to 2.50% or prime rate plus the applicable margin ranging from 0.75% to 1.50%, in each case based on the Company's leverage ratio. Interest on Eurodollar borrowings may be locked-in for periods of up to six months. The Company has the right to elect the interest period and a rate for Eurodollar borrowings in increments of one, two, three or six-month periods. Interest is paid quarterly on prime loans and Eurodollar loans are paid based on the last day of an interest period, with the exception of six month interest periods, which are required to be paid after three months. At December 29, 2007, LIBOR was 4.69% and the prime interest rate was 7.25%.
	—	Unused commitment commission is determined by facility use and ranges from 0.25% to 0.50% based on the Company's leverage ratio and is payable quarterly.
Letter of Credit Facility	—	Quarterly LOC fee is calculated as defined in the credit agreement and is approximately 2.65%. The Company also pays a fronting fee of approximately 0.13% per annum on the average daily amount of the LOC exposure.
Term Loan	—	The Term Loan bears interest at LIBOR plus 2.50% or prime rate plus 1.50%. Interest on Eurodollar borrowings may be locked in for periods of up to six months. The Company has the right to elect the interest period and rate consistent with the terms of the Revolver.

Revolver—A portion of the Revolver, not in excess of $30.0 million, is available for the issuance of letters of credit. The Company had approximately $83.6 million of borrowing capacity available under the Revolver as of December 29, 2007. At December 29, 2007, the interest rate on the outstanding balance of the Revolver was 8.00%.

Letter of Credit Facility—As of December 29, 2007, the Company utilized $54.3 million of the $60.0 million LOC facility. The rate on the LOC facility utilized was approximately 2.65%.

In April 2006, the Company reduced its LOC Facility on the Previous Facility, from $100.0 million to $47.0 million, resulting in a 2% prepayment penalty of approximately $1.1 million, which is included in the consolidated statement of operations as a component of interest expense in fiscal year 2006.

Term Loan—The Term Loan requires quarterly principal payments of $575 thousand that commenced on January 2, 2007 and continue each quarter through the maturity of the loan. The Company entered into a fixed rate interest rate swap agreement, limiting LIBOR to 4.09%. This agreement covers a notional amount of $100.0 million under the Term Loan at year end. At

11. LONG-TERM DEBT AND OTHER FINANCING (Continued)

December 29, 2007, the interest rate on $100.0 million of the Term Loan was fixed at 6.59% and was approximately 7.75% on the remaining $127.7 million.

The New Facility requires the Company to maintain compliance with specific financial covenants, including a leverage ratio and an interest coverage ratio. The New Facility includes restrictions as to, among other things, the payment of cash dividends, additional indebtedness, asset sales, and capital and environmental expenditures. Further, the New Facility describes certain conditions and events that could cause an acceleration of the amounts then outstanding under the New Facility. These events include, but are not limited to, the Company not maintaining compliance with certain financial covenants or a change in control. The Company was in compliance with all debt covenants as of December 29, 2007 and December 30, 2006. In addition, following the end of each fiscal year, commencing with fiscal year 2007, the Company may be required to prepay borrowings under the New Facility based on a percentage of "excess cash flow" (as defined in the credit agreement). The Company does not expect there to be any excess cash flow prepayments due in fiscal year 2008. The Company is entitled to prepay the term loan, in whole or in part, in minimum amounts without penalty.

During fiscal year 2005, the Company refinanced its prior debt facility and recorded a loss on extinguishment of debt of $16.5 million consisting of $15.2 million prepayment penalties, $500 thousand of debt issuance costs related to the prior facility and $800 thousand of other miscellaneous expenses.

The aggregate principal repayments required in fiscal years 2008 through 2012 and thereafter related to the Company's debt obligations are as follows (in thousands):

Fiscal Year	
2008	$ 23,065
2009	7,148
2010	7,522
2011	11,268
2012	6,816
Thereafter	222,433
Total debt	$ 278,252

Senior Notes—On December 24, 2003, the Company issued $129.0 million of Senior Notes, accruing interest at 12%, in consideration of the Predecessor Company's prepetition secured bank claims. The Senior Notes, along with any related interest accrued, were repaid in connection with the recapitalization in August 2006. The unamortized discount remaining at the recapitalization date was written off and is included in the consolidated statement of operations as a component of extinguishment of debt (See Note 12).

12. RECAPITALIZATION

During fiscal year 2006, the Company completed a recapitalization which included a rights offering and a debt refinancing. In July 2006, the Company conducted an offering of its common stock through the distribution of subscription rights to current stockholders ("Rights Offering"). Stockholders

12. RECAPITALIZATION (Continued)

of record at July 7, 2006 received subscription rights to purchase their pro rata share of common stock. The rights offering closed on August 1, 2006. The Company received $96.6 million from the subscribers in this offering, net of offering costs of $3.4 million, which is included in additional paid-in capital in fiscal year 2006. These offering costs were primarily paid to certain of the Company's stockholders to backstop the Rights Offering. The Company also refinanced its Previous Facility with a New Facility (See Note 11). The proceeds from the New Facility and Rights Offering were used to repay amounts outstanding under the Previous Facility, repay the Senior Notes, redeem preferred stock outstanding, and pay preferred stock dividends. As a result of the recapitalization, the Company recorded a loss on extinguishment of debt of $33.1 million consisting of $21.5 million unamortized discount on the Senior Notes, $7.6 million debt issuance costs related to the Previous Facility, $3.8 million prepayment penalties and $245 thousand of other miscellaneous expenses.

13. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS

The Company has entered into a variety of agreements that represent commitments of future performance. In addition, the Company manages a variety of contingent matters that include estimates for retained insurance risks, financial assurance requirements and legal proceedings.

Commitments

Lease Commitments—The Company enters into operating and capital leases primarily for real property, equipment, and vehicles under various terms and conditions. Certain of the Company's leases include scheduled base rent increases over the respective lease terms. The total amount of base rent payments, net of allowances and incentives, is being charged to expense using the straight-line method over the terms of the leases.

The following table represents the non-cancelable contractually stated minimum future lease payments (in thousands):

Fiscal Year	Operating Leases	Capital Leases
2008	$ 17,820	$ 6,833
2009	15,301	7,020
2010	12,463	7,007
2011	9,694	10,243
2012	8,614	5,157
Thereafter	8,676	6,452
Total minimum payments	$ 72,568	42,712
Less amount representing interest		(8,560)
Total capital lease obligations, excluding interest		$ 34,152

13. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS (Continued)

Total rent expense under operating leases was $21.1 million, $20.7 million and $18.2 million for fiscal years 2007, 2006 and 2005, respectively.

Information Technology—During fiscal year 2006, the Company canceled an 11 year information technology outsourcing arrangement. This resulted in a termination fee of $5.3 million, which is included in the consolidated statement of operations as a component of other expense in fiscal year 2006. As a result of the contract termination, the Company entered into outsourcing arrangements with various independent companies to provide similar information technology support. The payments related to these arrangements are expected to be $9.1 million and $5.2 million for fiscal years 2008 and 2009, respectively.

Contingencies

Liability Insurance—The Company's insurance programs for certain workers' compensation, general liability (including product liability) and automobile liability carry self-insured retentions up to certain limits. Claims in excess of these self-insurance retentions are fully insured. For claims within the workers' compensation, general liability (including product liability) and automobile liability self-insured retentions, the Company estimates these liabilities based on actuarially determined estimates of the incurred but not reported claims plus any portion of incurred but not paid claims and premiums. These estimates are generally within a range of potential ultimate outcomes. The Company's medical, dental and vision employee benefits are self insured up to certain limits, and the Company's liabilities include both an accrual for an estimate of the incurred but not reported claims that is calculated using historical claims data and an accrual for the incurred but not paid claims and premiums. With the exception of short-term disability, which is a salary continuance program, and the medical, dental and vision benefits, the Company's remaining employee benefits plans are fully insured.

The Company's liabilities for unpaid and incurred but not reported claims were $26.0 million and $27.1 million as of December 29, 2007 and December 30, 2006, respectively. Certain product, automobile and workers' compensation liabilities have been classified as long-term liabilities based upon actuarial projections of future claim payments. These long term liabilities as of December 29, 2007 and December 30, 2006 were $16.1 million and $18.5 million, respectively. The remaining amounts of $9.9 million and $8.6 million have been classified as current liabilities as of December 29, 2007 and December 30, 2006, respectively. Of these current liabilities, $3.2 million and $3.5 million were included in accrued salaries and benefits, as of December 29, 2007 and December 30, 2006, respectively, with the remaining amounts included in accrued other liabilities. While the ultimate amount of claims incurred are dependent on future developments, in management's opinion, recorded reserves are adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments will be reflected in results of operations in the periods in which such adjustments are known.

Financial Assurance—Under the Resource Conservation and Recovery Act ("RCRA"), the Toxic Substances Control Act and analogous provincial and state statutes, owners and operators of certain waste management facilities are subject to financial assurance requirements to ensure performance of their closure, postclosure and corrective action obligations.

13. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS (Continued)

In connection with closure, postclosure and corrective action requirements of certain facility operating permits, the Company had provided financial assurances in the form of insurance policies and performance bonds to the applicable regulatory authorities and also provided letters of credit to the Company's financial assurance provider totaling approximately $21.8 million and $21.3 million, as of December 29, 2007 and December 30, 2006, respectively.

Legal Proceedings

The Company had claims, excluding environmental and bankruptcy claims, in which management has assessed that an unfavorable outcome is probable and has accrued for such claims in the amount of approximately $579 thousand, and $1.2 million, as of December 29, 2007 and December 30, 2006, respectively.

Bankruptcy Claims—The Company estimates that $908 thousand remains to be paid related to outstanding creditor claims and has recorded a corresponding liability in the consolidated balance sheet. This estimate is based on various assumptions and reflects the Company's judgment based upon its prior prepetition claims settlement history and the terms of its Plan of Reorganization. If these assumptions prove incorrect, actual payments could differ from the estimated amounts.

Product Liability Cases—From time to time, the Company is named as a defendant in various lawsuits that are currently pending in various courts and jurisdictions throughout the United States arising in the ordinary course of business, including 70 proceedings wherein persons claim personal injury resulting from the use of the Company's parts washer equipment and/or cleaning products. These proceedings typically involve allegations that the solvent used in the Company's parts washer equipment contains contaminants and/or that the Company's recycling process does not effectively remove the contaminants that become entrained in the solvent during its use. In addition, certain claimants assert that the Company failed to adequately warn the product user of potential risks, including the failure to warn that solvent contains toxic or hazardous substances such as benzene. The Company maintains insurance, which it believes will provide coverage for these claims over amounts accrued for self insured retentions and deductibles. The Company believes that these claims lack merit and intends to vigorously defend itself and the safety of its products against any and all such claims. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. Consequently, the Company is unable to ascertain the ultimate aggregate amount of monetary liability or financial impact with respect to these matters at December 29, 2007.

Contract Matters—In July 2005, Edmik, Inc. filed a two count breach of contract complaint arising out of a product manufacturing agreement between the Company and Edmik, contending that the Company failed to meet certain purchase requirements under the contract. The complaint sought $1.9 million in damages. In May 2006, the parties reached a settlement of all claims. Based on the terms of the settlement, the Company paid Edmik $117 thousand and purchased certain inventory on hand in exchange for a full release. An order of dismissal, with prejudice, was entered on July 21, 2006.

Insurance Dispute Regarding Product Liability Coverage—Certain of the Company's insurance carriers disputed whether or to what extent the insurance policies issued by such carriers provide coverage for third-party bodily injury, personal injury and property damage claims against the Company. The Company filed an action against certain of its insurers demanding defense and

13. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS (Continued)

indemnity for all product liability claims. In December 2004, the Company formalized a settlement agreement with its primary insurer in this dispute under which the primary insurer agreed to pay the Company a total of approximately $5.3 million in three installments of approximately $1.8 million, the first in December 2004, the second in January 2005 and the final in January 2006 (all payments have been received by the Company in accordance with the terms of the parties' settlement agreement). The settlement was included in operations in fiscal year 2004. Additionally, under the terms of the proposed settlement, the primary insurer agreed to reduce a letter of credit related to the policies by $4.0 million and it further agreed that it will not dispute the availability of approximately $150.0 million in insurance coverage for product liability lawsuits that allege exposure to the Company's products during the time covered by the primary insurer's policies. The Company, individually and in cooperation with its primary insurer, continued to pursue additional claims against the various non-settling insurance carriers. In February 2006, the Company and the remaining insurer agreed to a voluntary dismissal of the Company's claim and the insurer's cross-claim, without prejudice to reassert the claims in the future if circumstances warrant.

Safety-Kleen Settlement Trust—The Predecessor Company initiated an action to seek insurance coverage for environmental liabilities under certain historical comprehensive general liability insurance policies. Specifically, the Predecessor Company contended that its general liability insurance carriers are obligated to pay the costs, expenses and liabilities arising out of claims, demands and suits brought against the Company or Predecessor Company for property damage, bodily injury and personal injury arising out of environmental and related damage allegedly caused by the Company or Predecessor Company or arising out of the Company or Predecessor Company's business operations.

The Company and Predecessor Company settled with multiple insurance carriers and the case has concluded. The Company and Predecessor Company deposited settlement proceeds into a U.S. Tax Code Section 468(b) Settlement Trust. As of December 29, 2007, the Settlement Trust had a balance of $1.1 million. The Safety-Kleen Settlement Trust is subject to certain restrictions but may be used to pay certain environmental liabilities of the Company. Additionally, the Settlement Trust, and if the Settlement Trust is unable, the Company is subject to claims for indemnification from settled insurance carriers. Three carriers sought indemnification in connection with a settled matter in Louisiana, of which one carrier has been fully indemnified for an insignificant amount, and two carriers have not sought payment. To date, no other carriers have sought indemnification from the Trust although it is possible other potential claims may arise where former carriers seek indemnification from the Trust.

General Environmental—The Company's hazardous and industrial waste services are continuously regulated by federal, state, provincial and local laws enacted to regulate the discharge of materials into the environment or primarily for the purpose of protecting the environment. This inherent regulation results in the Company becoming a party to judicial or administrative proceedings involving all levels of governmental authorities and other interested parties. The issues that are involved generally relate to applications for permits and licenses by the Company and its conformity with legal requirements and alleged violations of existing permits and licenses.

The most significant litigation, environmental and regulatory proceedings are discussed below:

- *Clean Harbors Indemnification.* Effective September 7, 2002, the Predecessor Company completed the sale of certain assets and liabilities of the Chemical Services Division (the

13. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS (Continued)

"CSD") to Clean Harbors. Under the sale agreement, Clean Harbors assumed known liabilities for which the Predecessor Company had recorded liabilities of $250.4 million at August 31, 2002. Clean Harbors also agreed to indemnify the Company against certain additional contingent liabilities related to the former CSD operations.

In August 2004, the Company received a letter from the United States Environmental Protection Agency ("USEPA") identifying Safety-Kleen Systems, Inc. as a PRP for the Devil's Swamp Lake Superfund site, adjacent to the Baton Rouge, Louisiana site that was sold to Clean Harbors in the CSD sale. In September 2004, the Company tendered the claim to Clean Harbors for defense and indemnity. Clean Harbors assumed this liability and is contractually obligated to indemnify the Company, if necessary, for this CSD-related liability. Furthermore, the Company is working with Clean Harbors to ensure the Company is indemnified.

In another matter, a former vendor, Marine Shale Processors, Inc. ("Marine Shale"), operated a kiln that incinerated waste, producing a vitrified aggregate as a byproduct. Marine Shale contended that its operation recycled waste into a useful product (i.e., vitrified aggregate) and therefore was exempt from RCRA regulation and permitting requirements as a Hazardous Waste Incinerator. Litigation between the USEPA and Marine Shale with respect to this issue began in 1990 and continued until July 1996, when Marine Shale was ordered to shut down its operations by the U.S. Fifth Circuit Court of Appeals. A CSD company was one of the largest customers of Marine Shale. As a result of past operations, soil and groundwater contamination exists at the Marine Shale site. During fiscal year 2007, the State of Louisiana and USEPA jointly initiated a Superfund action requiring many companies to clean up the Marine Shale site. The Company is a PRP at the Marine Shale site on its own, in addition to the CSD-related liability. As discussed above, Clean Harbors assumed this liability and is obligated to indemnify the Company for the CSD-related liability in connection with this matter, should any party demand payment from the Company for any CSD-related liability.

There can be no assurance that Clean Harbors will agree on the Company's classification of all of these contingent claims. Clean Harbors has disputed liability at certain sites, although these disputes have not resulted in any liability for the Company to date. In the event that Clean Harbors does not agree on the proposed classification of all claims and is ultimately successful in its classification, or if Clean Harbors otherwise does not or is unable to meet its obligations with respect to the assumed liabilities, the Company could be subject to material claims that could adversely affect the Company's financial condition, cash flows and results of operations. However, the Company is further protected from these liabilities because the CSD legal entities were dissolved in bankruptcy proceedings and the Company has no direct connection to any CSD-related facilities. Additionally, there is a risk that the Company may face future Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") liability as a former owner/operator of certain CSD facilities should a former facility become a Superfund site and Clean Harbors fails to satisfy its indemnification obligations.

13. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS (Continued)

- *New Jersey Natural Resources Damages Claim.* In September 2003, the New Jersey Department of Environmental Protection issued to a Company subsidiary and approximately 40 other recipients a Directive No. 1 for the Lower Passaic River. The directive was issued under the authority of the New Jersey Spill Compensation and Control Act, and alleged that the recipients were responsible for discharges that caused or contributed to sediment contamination in the Lower Passaic River. The directive sought performance of a natural resource damage assessment of the Lower Passaic River watershed, performance of interim compensatory restoration in the watershed and the execution of a single administrative consent order for the watershed.

  The Company's subsidiary tendered the directive for indemnification to McKesson, from whom the Company acquired McKesson Envirosystems and in accordance with its contractual obligations, and McKesson has agreed to assume this liability, defend and indemnify the Company on this claim going forward.

  In February 2007, McKesson agreed to resolve this matter with the USEPA and participate in an Administrative Order on Consent. We believe the Company's liability at the site will be resolved and the Company will be indemnified from other CERCLA claims in the future. McKesson has reconfirmed its indemnification responsibility and the Company does not expect any financial impact due to the McKesson indemnification. However, if for any reason McKesson does not or is unable to meet its obligations with respect to the assumed liabilities, the Company could be subject to material claims that could adversely affect the Company's financial condition, cash flows and results of operations.

- *The Dutra Group Litigation.* In mid-1997, ECDC Environmental, L.C. ("ECDC") entered into two contracts with the United States Army Corps of Engineers (the "Army Corps") for certain dredging and dredging-related services in the waters of Newark Bay and Arthur Kill, New Jersey (the "Dredging Projects"). ECDC subsequently subcontracted certain aspects of the Dredging Projects to The Dutra Group ("Dutra") (the "Dutra Subcontracts"). Effective November 30, 1997, ECDC assigned the contracts to a subsidiary of the Predecessor Company, SK Services (East), L.C. ("SKSE").

  During the performance of the Dredging Projects, there were numerous delays associated with various aspects of the work and also damage to equipment owned and leased by various companies involved in the projects. Dutra was subject to these delays and damages, as was SKSE, its other subcontractors and its charter companies.

  On or about March 16, 1999, Dutra sued in the United States District Court for the District of New Jersey (the "Dutra Litigation"). Dutra sought recovery of approximately $3.7 million from ECDC and SKSE for damages allegedly incurred by Dutra in connection with its work pursuant to the Dutra Subcontracts.

  During 2004, the claims between McDonough Marine, a co-party in the case, Dutra and the Company, to whom the claim was assigned in connection with the Predecessor Company's bankruptcy proceedings, were settled. The Company was paid a net settlement of approximately $600 thousand and agreed to pay Dutra 17.5% (not to exceed $725 thousand) of the amount recovered by the Company from the related claim the Company asserted against the Army Corps in connection with claims arising out of the Dredging Project.

In June 2005, the Company settled the claims against the Army Corps for approximately $3.8 million. In accordance with the settlement agreement, the Company retained $3.1 million of these settlement proceeds and tendered the balance of $653 thousand to Dutra. The Company reflected the net gain of $3.1 million on the settlement in other expense (income) in the consolidated statement of operations for the year ended December 31, 2005.

- *Syracuse, NY Criminal Investigation.* In March 2004, the New York Department of Environmental Compliance ("NYDEC") initiated an investigation into the Company's management of a customer's waste stream by the Syracuse, New York branch. The Company cooperated with the NYDEC and the Assistant United States Attorney during the next two years of investigation that focused on the activities of a certain former employee and his servicing of a specific customer dating back to 1997. In 2007, the Company's predecessor parent company, Laidlaw Environmental Services (U.S.), Inc. (which was subsequently known as Safety-Kleen Services, Inc and is no longer in existence) pled guilty (but not the Company) to one felony count for a 1998 RCRA violation involving the omission of a hazardous waste code on a manifest. As a result, the Company paid on behalf of the predecessor parent company, a penalty of $250 thousand, which was included in accrued other liabilities in the accompanying consolidated balance sheet as of December 30, 2006. This matter is now concluded.

- *Franklinville, N.J. Site Remediation.* This lawsuit was originally instituted by the plaintiffs in October, 1991. Safety-Kleen (Bridgeport), Inc., formerly known as Rollins Environmental Services (NJ) Inc. ("Bridgeport"), was first named in plaintiffs' Second Amended Complaint filed on September 21, 1994 in the Superior Court of New Jersey. The complaint alleges that Bridgeport, along with the other non-insurance defendants, is responsible for the cost of remediating a former storage tank farm in Franklinville, New Jersey found to have soil and groundwater contamination. The plaintiffs also sued Bridgeport's insurers for insurance coverage. The lawsuit alleges that Bridgeport leased tanks for storage of waste materials at the site and seeks unspecified compensatory damages to assess and remediate contamination, including PCB contamination, on the property. The plaintiffs' retained experts have estimated potential cleanup costs to be approximately $5.0 million. Before Bridgeport filed for bankruptcy protection, the plaintiffs indicated an interest in having Bridgeport provide in-kind hazardous waste cleanup and disposal services in lieu of, or possibly in addition to, cash payments to settle the case. The Company's experts have submitted a remediation plan with a total cost of less than $1.0 million. In September 2003, the plaintiffs were granted relief from the Bankruptcy Court to lift the automatic stay and proceed with their claim. In the meantime, the plaintiffs continue to pursue their claim against Bridgeport's insurance companies, to whom the Company owes a duty to indemnify (See Safety-Kleen Settlement Trust above).

  In August 2004 and again in April 2005, the Company made a settlement offer of $400 thousand. As a result of the plaintiffs' refusal to work toward resolution, the Company,

13. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS (Continued)

on behalf of Bridgeport, withdrew its offer on May 15, 2005. During 2007, the plaintiff inquired whether the offer remained valid and indicated that the matter would likely be settled in 2008. On behalf of Bridgeport, the Company communicated to the plaintiffs that the offer of $400 thousand was still available, in exchange for a full release of Bridgeport, the Company and its carriers. The Company has accrued approximately $480 thousand in environmental liabilities in the accompanying consolidated balance sheet as of December 29, 2007, related to this matter.

- *Unwin Avenue/TEDCO Contamination Issue.* The Company's Canadian subsidiary was a tenant on a property located at 115 Unwin Avenue in Toronto from 1988 through 2000. The site is currently owned by the Toronto Economic Development Corporation ("TEDCO"), an agency of the City of Toronto. The site has been determined to have significant levels of organic and inorganic contamination, some of which has migrated off-site.

  The Company does not dispute that a portion of the contamination is attributable to its activities on the site. At dispute with TEDCO is both the appropriate remedial approach, particularly on-site, as well as the respective allocations of responsibility between TEDCO and the Company. TEDCO's consultants have estimated the cost of the appropriate remedial work at approximately $6.0 million CDN. The Company's consultants have estimated these costs to be approximately $3.6 million CDN. On July 27, 2004, TEDCO indicated it would agree that the Company was responsible for 40% of the clean-up. A dispute remains between the parties regarding the extent of any clean-up required. At this point, litigation has been threatened but not initiated. In 2005, the Company offered to settle the matter for approximately $1.6 million CDN. In February 2006, TEDCO responded and demanded approximately $1.8 million CDN. Because TEDCO is limited in its ability to release and indemnify the Company, the parties are currently negotiating a settlement. The details and extent of the release and indemnification the Company requires in order to settle have not been finalized with TEDCO; however, the Company has accrued approximately $1.9 million CDN ($2.0 million USD) in environmental liabilities in the accompanying consolidated balance sheet as of December 29, 2007.

- *California Class Action Claim.* Three separate class action lawsuits have been filed in California courts against the Company alleging unpaid overtime, wages for break and meal periods, violations of state wage statement requirements, and/or similar claims, since November 2005. The named plaintiffs are former customer service representatives ("CSRs") of the Company and the various asserted class appears to include all CSRs and "Tanker Truck Drivers" employed by the Company in California since November 2002.

  The Company filed its Answer and Notice of Removal in the first-filed case to Federal Court in December 2005. The two later-filed cases, originally filed in Southern California, have been transferred such that all three cases are pending in the United States District Court, Northern District of California.

  The Company disputes that there was any improper classification, for purposes of overtime eligibility or any violation of its obligations to provide the plaintiffs with opportunity for rest and meal breaks. The Company further contends that class certification is not proper due to the differences in exempt categories for different individuals due to their specific job duties.

13. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS (Continued)

California law is not clear on this issue and the Company is unable to ascertain the ultimate aggregate amount of monetary liability or financial impact with respect to these matters at December 29, 2007.

Other Legal Matters—The Company is a party to various other general legal proceedings that arise in the ordinary course of business. While the results of these other additional matters cannot be predicted with certainty, the Company currently believes that losses, if any, resulting from the ultimate resolution of these other additional matters will not have a material adverse effect on the Company's consolidated financial statements.

14. MINORITY INTERESTS

In 2003, SK Holding Company, Inc. (the "Subsidiary"), a subsidiary of the Company, authorized one million common shares at $0.01 par value and one million preferred shares at $0.01 par value. The Subsidiary assigned certain powers, preferences and rights to a designated series of its preferred stock referred to as "Series A." On December 24, 2003, the Subsidiary issued 400 thousand shares of Series A at a stated value of $25 per share. The Series A shares were issued by the Subsidiary to the Predecessor Company's prepetition creditors and, as such, were classified as minority interest on the Company's consolidated balance sheets. The Subsidiary's preferred stock was stated at $10.0 million as of December 31, 2005. The holders of the Series A preferred stock were entitled to receive cumulative dividends, accruing from the date of issuance through the date of payment. Series A dividends were to be paid quarterly in arrears at 9% per annum upon declaration by the Company. The preferred stock, along with the cumulative dividends in arrears of $2.5 million, was paid and cancelled in conjunction with the recapitalization (See Note 12).

15. STOCKHOLDERS' EQUITY

Common Stock and Preferred Stock Shares—The Company is a Delaware corporation. The Company's Amended Certificate of Incorporation authorizes 85 million shares comprised of 75 million common shares at $0.01 par value and 10 million preferred shares at $0.01 par value. The Company had common stock at stated capital of $343 thousand and $342 thousand reflecting approximately 34 million common shares issued and outstanding as of December 29, 2007 and December 30, 2006, respectively.

Voting—The holders of the Company's common stock are entitled to one vote for each share held of record on each matter submitted to a vote of stockholders, including the election of Board of Directors (the "Board") members, and do not have any right to cumulate votes in the election of Board members.

15. STOCKHOLDERS' EQUITY (Continued)

Dividends—Subject to the rights and preferences of the holders of any series of preferred stock which may at the time be outstanding, and the restrictive terms of the New Facility, which generally prohibit the payment of dividends, holders of the Company's common stock are entitled to such dividends as the Board may declare out of funds legally available. The Company does not intend to pay dividends at the present time or in the foreseeable future.

Liquidation rights—In the event of any liquidation, dissolution or winding-up of the Company's affairs, after payment of all of the Company's debts and liabilities and subject to the rights and preferences of the holders of any outstanding shares of any series of the Company's preferred stock, the holders of the Company's common stock will be entitled to receive the distribution of any remaining assets.

Accumulated Other Comprehensive Income—Accumulated other comprehensive income consisted of the following for fiscal years (in thousands):

	2007	2006
Currency translation adjustment	$ 10,695	$ 4,476
Unrealized losses on marketable securities	(3)	—
Accumulated other comprehensive income	$ 10,692	$ 4,476

16. STOCK AWARD PLANS

On August 31, 2004, the Company's Board approved the Safety Kleen Equity Plan (the "Equity Plan") and reserved 5 million shares of the Company's common stock for issuance under the Equity Plan. The Equity Plan is administered by the Human Resources and Compensation Committee of the Board. Stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), stock bonuses and other awards (collectively, "Awards") may be granted under the Equity Plan.

Stock Options—The Company's stock options were granted with an exercise price equal to the fair value of the Company's common stock at the grant date. The Company's stock options vest, generally ratably, over a three to four year vesting period. Outstanding stock options have a term of 10 years from the date of grant.

The fair value of each option grant has been estimated as of the grant date, using the Black-Scholes-Merton option pricing model with the following weighted average assumptions for fiscal years:

	2007	2006	2005
Risk-free interest rate	4.65%	4.64%	4.12%
Expected life	6.25 years	6 years	6.25 years
Expected volatility	85.00%	85.00%	85.00%
Dividend rate	0.00%	0.00%	0.00%

The risk-free rates are based on U.S. Treasury Yield Curve Rates with remaining terms equal to the expected life of each award. The expected life of each award granted was calculated using the

16. STOCK AWARD PLANS (Continued)

simplified method in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 107, Share-Based Payments. The volatility is based on the historic volatility of companies within related industries that have publicly traded equity securities, as the observable share-price volatility is not available because the Company's common stock is not currently publicly traded. Expected dividend yield is based on the expectation of no future dividend payouts. Stock option activity was as follows:

	Options (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregrate Intrinsic Value (In thousands)
Outstanding—December 31, 2004	2,132	$ 4.00	9.73	
Granted	300	4.00		
Exercised	—	—		
Forfeited	(217)	4.00		
Expired or canceled	(93)	4.00		
Outstanding—December 31, 2005	2,122	4.00	8.82	
Granted	1,078	6.02		
Exercised	(30)	4.00		
Forfeited	(37)	4.00		
Expired or canceled	(5)	4.00		
Outstanding—December 30, 2006	3,128	4.70	8.29	
Granted	141	23.68		
Exercised	(47)	4.32		
Forfeited	(45)	5.39		
Expired or canceled	(4)	4.67		
Outstanding—December 29, 2007	3,173	5.54	7.38	$ 52,245
Options exercisable—December 29, 2007	2,479	$ 4.51	7.14	$ 43,356

16. STOCK AWARD PLANS (Continued)

The total intrinsic value of options exercised during fiscal years 2007 and 2006 was $873 thousand and $210 thousand, respectively. There were no options exercised during fiscal year 2005.

Nonvested Options	Options (In thousands)	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2004	1,599	$ 2.97
Granted	300	2.99
Vested	(479)	2.97
Forfeited	(217)	2.97
Nonvested at December 31, 2005	1,203	2.98
Granted	1,078	4.49
Vested	(531)	2.98
Forfeited	(37)	2.98
Nonvested at December 30, 2006	1,713	3.93
Granted	141	17.79
Vested	(1,115)	3.83
Forfeited	(45)	4.03
Nonvested at December 29, 2007	694	$ 6.89

As of December 29, 2007, unrecognized compensation expense related to nonvested options is $3.9 million, which is expected to be recognized over a weighted average period of 1.7 years. The total fair value of options vested during fiscal years 2007, 2006 and 2005 was $24.5 million, $5.8 million and $1.9 million, respectively.

Compensation expense related to all stock options is being recognized, using the straight-line method, over the vesting period. The Company recognized expense of $3.7 million, $3.4 million and $1.5 million in fiscal years 2007, 2006 and 2005, respectively.

RSUs—During fiscal years 2004 and 2005, the Company awarded certain employees and Board members RSUs, which entitle the recipient to receive shares of the Company's common stock in exchange for the vested RSU.

The majority of the RSUs vested in four equal increments on the first four anniversaries of the beginning of the vesting period which preceded the grant date. The remaining RSUs vested approximately two years from the grant date. All RSUs awarded were fully vested as of December 29, 2007.

16. STOCK AWARD PLANS (Continued)

RSU activity was as follows:

	RSUs (In thousands)
Outstanding—December 31, 2004	604
Granted	18
Exercised	—
Forfeited	(31)
Expired or canceled	—
Outstanding—December 31, 2005	591
Granted	—
Exercised	(109)
Forfeited	(16)
Expired or canceled	—
Outstanding—December 30, 2006	466
Granted	—
Exercised	—
Forfeited	—
Expired or canceled	—
Outstanding—December 29, 2007	466

The total intrinsic value of RSUs exercised during fiscal year 2006 was $1.2 million. There were no RSUs exercised during fiscal years 2007 and 2005.

16. STOCK AWARD PLANS (Continued)

The following table summarizes the status of the Company's RSUs and changes during the fiscal years then ended:

Nonvested RSUs	RSUs (In thousands)	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2004	453	$ 4.00
Granted	18	4.00
Vested	(151)	4.00
Forfeited	(31)	4.00
Nonvested at December 31, 2005	289	4.00
Granted	—	—
Vested	(167)	4.00
Forfeited	(16)	4.00
Nonvested at December 30, 2006	106	4.00
Granted	—	—
Vested	(106)	4.00
Forfeited	—	—
Nonvested at December 29, 2007	—	$ —

The total fair value of RSUs vested during fiscal years 2007, 2006 and 2005 was $2.4 million, $1.8 million and $604 thousand, respectively.

Compensation expense related to all RSU grants was recognized, using the straight-line method, over the vesting period stated above. The Company recognized expense of $448 thousand, $1.2 million and $522 thousand, in fiscal years 2007, 2006 and 2005, respectively.

During fiscal year 2006, the Company accelerated the vesting of options and RSUs awarded to certain Board members. As of a result of the modification, the Company recognized additional compensation expense of $1.2 million in fiscal year 2006, which is included in the aforementioned stock options and RSUs compensation expense.

17. RIGHTS AGREEMENT

On April 10, 2006, the Company's Board adopted a stockholder rights plan ("Rights Agreement"), which was subsequently amended on July 5, 2006 and on April 7, 2008, under which all stockholders receive one right for each share of common stock held. Each right will entitle the holder to purchase, under certain circumstances, one one-thousandth of a share of the newly authorized Series A Junior Participating Preferred Stock, par value $0.01 per share, of the Company (the "Preferred Stock") at a price of $30 per one one-thousandth share. Subject to limited exceptions, these rights may be exercised if a person or group acquires 34.999% or more of the outstanding shares of the

17. RIGHTS AGREEMENT (Continued)

Company's common stock or makes a tender offer for 34.999% or more of the common stock on terms not approved by the Company's Board of Directors. The Rights Agreement provides that certain stockholders and each of their respective affiliates and associates shall not be deemed an acquiring person if any such stockholder became the beneficial owner of 34.999% or more of our common stock as a result of such stockholders' participation in our July 2006 Rights Offering, so long as such stockholder's beneficial ownership does not exceed 49.0%. In addition, the Rights Agreement provides that no person shall be deemed an acquiring person if such person was the beneficial owner of 34.999% or more of the Company's common stock on April 10, 2006, so long as such person does not later become the beneficial owner of an additional 1% or more of the Company's common stock.

Subject to certain exceptions contained in the Rights Agreement, in the event that any person shall become an acquiring person, then the rights "flip-in" and entitle each holder of a right, other than any acquiring person and such acquiring person's affiliates and associates, to purchase that number of shares of common stock having a market value of two times the exercise price.

In addition, and subject to certain exceptions contained in the Rights Agreement, in the event that the Company is acquired in a merger or other business combination in which the common stock does not remain outstanding or 50% of the Company's assets, cash flow or earning power is sold or otherwise transferred to any person, the rights will "flip-over" and entitle each holder of a right, other than an acquiring person and such person's affiliates and associates, to purchase, upon exercise at the then current exercise price of such right, that number of shares of common stock of the acquiring company which at the time of such transaction would have a market value of two times such exercise price.

Subject to certain exceptions, the Company's Board of Directors will be entitled to redeem the rights at $0.01 per right at any time prior to the close of business on the tenth day following a public announcement that a person has acquired 34.999% or more of the outstanding common stock. These rights will expire upon the earlier of September 30, 2008, unless extended by amendment of the Rights Agreement, or in the event that the Company voluntarily undertakes an initial public offering ("IPO"), upon the consummation of such IPO.

In connection with the adoption of the Rights Agreement, the Company obtained consent from its lenders under the Senior Credit Facility to allow for the declaration of the dividend associated with the Rights Agreement.

18. REGISTRATION RIGHTS AGREEMENT

On July 17, 2006, the Company entered into a registration rights agreement (the "Registration Rights Agreement") with certain stockholders ("Rights Agreement Parties") of the Company. Pursuant to the terms of the Registration Rights Agreement, and subject to certain restrictions, the Rights Agreement Parties may request the Company to effect a registration of all or a portion of such Rights Agreement Parties' shares of common stock. The Company shall not be obligated to affect more than five registrations pursuant to such requests. The amount of shares that the Company shall be obligated to register is subject to cut-back based upon the number of shares that an underwriter advises can be sold without having a material adverse effect on the offering. Each of the Rights Agreement Parties has also been granted standard "piggy-back" registration rights on both registrations undertaken at the

18. REGISTRATION RIGHTS AGREEMENT (Continued)

request of Rights Agreement Parties or other third-persons and registrations undertaken for the sale of shares for the Company's account. Further, each of the Rights Agreement Parties and the Company agreed to lock-up agreements with respect to such Rights Agreement Parties' shares of common stock in connection with a registration of any of the Rights Agreement Parties' shares of common stock.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable—net and accounts payable approximate fair value due to the short-term nature of these instruments. The fair value of the restricted funds held by trustees approximates carrying value. The carrying value of long-term debt approximates fair value based on market interest rates at December 29, 2007 and December 30, 2006.

20. EMPLOYEE BENEFIT PLANS

Defined Contribution Plan—The Company offers, to all eligible employees, the opportunity to participate in its defined contribution employee benefit plan. The Company's matching contribution was 50% of the participant's contribution up to 6% and up to 4% of the participant's annual compensation, for fiscal years 2007 and 2006, respectively. The Company's matching contributions were $3.7 million, $2.4 million and $1.1 million for fiscal years 2007, 2006 and 2005, respectively.

21. INCOME (LOSS) PER SHARE

The computation of basic and diluted income (loss) per common share is as follows for fiscal years:

	2007	2006	2005
Net income (loss)	$ 4,492	$ (73,367)	$ (123,866)
Preferred stock dividends	—	(657)	(900)
Net income (loss) available to common stockholders	$ 4,492	$ (74,024)	$ (124,766)
Weighted average shares used to calculate basic income (loss) per common share	34,627	29,747	25,154
Employee stock options and restricted stock units	2,372	—	—
Weighted average shares used to calculate diluted income (loss) per common share	36,999	29,747	25,154
Basic income (loss) per common share	$ 0.13	$ (2.49)	$ (4.96)
Diluted income (loss) per common share	$ 0.12	$ (2.49)	$ (4.96)

As of December 29, 2007, there were 141 thousand potentially dilutive securities based on outstanding stock options considered to be anti-dilutive. As of December 30, 2006 and December 31, 2005, there were 3.6 million and 2.7 million, respectively, of potentially dilutive securities based on outstanding stock options and unvested RSUs considered to be anti-dilutive due to the Company's net loss. As such, these amounts were not included in the calculations of income (loss) per common share.

22. SEGMENT REPORTING, GEOGRAPHICAL INFORMATION AND MAJOR CUSTOMERS

Segment Reporting—SFAS No. 131, *Disclosures About Segments of a Business Enterprise and Related Information*, establishes standards for reporting information about operating segments. Operating segments are defined as components of a company about which the chief operating decision maker evaluates regularly in deciding how to allocate resources and in assessing performance. The Company has determined that it is comprised of one operating segment, representing the collection, processing and disposal of hazardous and non-hazardous industrial waste.

Geographic Information—For fiscal year 2007, the Company derived approximately $948.7 million or 88.4% of revenues from customers located in the United States and Puerto Rico and approximately $124.3 million or 11.6% of revenues from customers located in Canada. For fiscal year 2006, the Company derived approximately $887.2 million or 88.5% of revenues from customers located in the United States and Puerto Rico and approximately $115.0 million or 11.5% of revenues from customers located in Canada. For fiscal year 2005, the Company derived approximately $822.9 million or 89.0% of revenues from customers located in the United States and Puerto Rico and approximately $102.2 million or 11.0% of revenues from customers located in Canada.

As of December 29, 2007, the Company had property, plant and equipment, net of $337.1 million, and permits and other intangible assets, net of $118.8 million. Of these totals, $50.6 million or 15.0% of property, plant and equipment, net and $4.0 million or 3.4% of permits and other intangible assets, net were in Canada, with the balance being in the United States and Puerto Rico (except for immaterial assets in Mexico). As of December 30, 2006, the Company had property, plant and equipment, net of $332.8 million, and permits and other intangible assets, net of $99.6 million. Of these totals, $39.9 million or 12.0% of property, plant and equipment, net and $3.5 million or 3.5% of permits and other intangible assets, net were in Canada, with the balance being in the United States and Puerto Rico.

23. RELATED PARTY

The Company has a 50% ownership interest in a joint venture (the "Investee") which is accounted for using the equity method of accounting. The Investee is primarily engaged in the production of aqueous cleaning solutions. Net assets of the Investee approximated $2.5 million as of December 29, 2007 and December 30, 2006. Revenues of the Investee approximated $13.0 million in each of the fiscal years 2007, 2006 and 2005. Our share of the Investee's net earnings approximated $2.0 million in each of the fiscal years 2007, 2006 and 2005 and has been included in our consolidated statements of operations. Company purchases from the Investee approximated $8.6 million, $8.6 million and $7.9 million in fiscal years 2007, 2006 and 2005, respectively.

24. SUBSEQUENT EVENT

On March 21, 2008, the Company received approximately $12.5 million in cash from the sale of certain assets and the buyer's assumption of related environmental liabilities of approximately $12.1 million and $3.3 million, respectively, which were classified as held for sale as of December 29, 2007 (See Notes 6 and 8).

Through and including , 2008 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Shares

Safety-Kleen HoldCo., Inc.

Common Stock

PROSPECTUS

Merrill Lynch & Co. **JPMorgan**

, 2008

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale of the common stock being registered. All amounts, except the SEC registration fee, are estimates.

SEC registration fee	$ 11,790
FINRA filing fee	*
NYSE listing fee and expenses	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees and expenses	*
Directors and officers insurance premiums	*
Miscellaneous fees and expenses	*
Total	$ *

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* To be completed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 102 of the DGCL allows a corporation to eliminate the personal liability of directors to a corporation or its stockholders for monetary damages for a breach of a fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase or redemption in violation of Delaware corporate law or obtained an improper personal benefit.

Section 145 of the DGCL empowers a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation) by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. A Delaware corporation may indemnify directors, officers, employees and other agents of such corporation in an action by or in the right of a corporation under the same conditions against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense and settlement of such action or suit, except that no indemnification is permitted without judicial approval if the person to be indemnified has been adjudged to be liable to the corporation. Where a present or former director or officer of the corporation is successful on the merits or otherwise in the defense of any action, suit or proceeding referred to above or in defense of any claim, issue or matter therein, the corporation must indemnify such person against the expenses (including attorneys' fees) which he or she actually and reasonably incurred in connection therewith.

Section 174 of the DGCL provides, among other things, that a director who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered into the books containing the minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

The registrant's Certificate of Incorporation contains provisions that provide for indemnification of officers and directors and their heirs and representatives to the full extent permitted by, and in the manner permissible under, the DGCL.

As permitted by Section 102(b)(7) of the DGCL, the registrant's Certificate of Incorporation contains a provision eliminating the personal liability of a director to the registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, subject to some exceptions.

The registrant maintains, at its expense, a policy of insurance which insures its directors and officers, subject to exclusions and deductions as are usual in these kinds of insurance policies, against specified liabilities which may be incurred in those capacities.

Pursuant to the underwriting agreement, in the form filed as an exhibit to this registration statement, the underwriters will agree to indemnify directors and our officers and persons controlling us, within the meaning of the Securities Act against certain liabilities that might arise out of or are based upon certain information furnished to us by any such underwriter.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

On August 1, 2006, the registrant sold 9,090,909 shares of common stock for an aggregate offering price of $100,000,000 to its current stockholders pursuant to a rights offering. Each stockholder was granted 0.3636 subscription rights to purchase shares of common stock for each share of common stock held by them at the close of business on July 7, 2006. Each of the purchasers of the common stock was an accredited investor as defined in the Securities Act and each such purchaser certified as to such status. The registrant relied on the exemption from registration set forth in Rule 506 of the Securities Act.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits.

Exhibit No.	Description
1.1	Form of Underwriting Agreement*
2.1	Acquisition Agreement, by and between Safety-Kleen Services, Inc., as Seller, and Clean Harbors, Inc., as Purchaser, dated as of February 22, 2002
2.2	First Amendment to Acquisition Agreement, by and between Safety-Kleen Services, Inc., as Seller, and Clean Harbors, Inc., as Purchaser, dated as of March 8, 2002
2.3	Second Amendment to Acquisition Agreement, by and between Safety-Kleen Services, Inc., as Seller, and Clean Harbors, Inc., as Purchaser, dated as of April 30, 2002
2.4	Third Amendment to Acquisition Agreement, by and between Safety-Kleen Services, Inc., as Seller, and Clean Harbors, Inc., as Purchaser, dated as of September 6, 2002
2.5	Fourth Amendment to Acquisition Agreement, by and between Safety-Kleen Services, Inc., as Seller, and Clean Harbors, Inc., as Purchaser, dated as of July 14, 2003
3.1	Amended and Restated Certificate of Incorporation*
3.2	Amended and Restated By-laws*
4.1	Specimen common stock certificate*
5.1	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP*
10.1	Credit Agreement, dated August 3, 2006, among Safety-Kleen HoldCo., Inc., Safety-Kleen Systems, Inc., the lenders party thereto and JPMorgan Chase Bank, NA
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10.6	Form of Safety-Kleen HoldCo., Inc. Stock Option Agreement
10.7	Employment Agreement among Safety-Kleen Systems, Inc. and Frederick J. Florjancic, Jr., dated June 28, 2004, as amended
10.8	Employment Agreement among Safety-Kleen Systems, Inc., Safety-Kleen HoldCo., Inc. and Dennis McGill, dated March 8, 2005, as amended
10.9	Employment Agreement among Safety-Kleen Systems, Inc. and T.R. Tunnell, dated October 4, 2004, as amended
10.10	Employment Agreement among Safety-Kleen Systems, Inc., Safety-Kleen HoldCo., Inc. and Steven H. Grimshaw, dated May 20, 2006, as amended
10.11	Employment Agreement among Safety-Kleen Systems, Inc., Safety-Kleen HoldCo., Inc. and David M. Sprinkle, dated May 20, 2006, as amended
10.12	Form of Safety-Kleen Systems, Inc. Non-Disclosure, Non-Solicitation and Non-Competition Agreement
21.1	Subsidiaries of Registrant
23.1	Consent of KPMG LLP, independent registered public accounting firm, relating to the consolidated financial statements and schedule of Safety-Kleen HoldCo., Inc.

23.2 Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1)*
24.1 Power of Attorney+

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* To be filed by amendment

\+ Included in the signature page hereto

(b) Financial Statement Schedule

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Allowance for doubtful accounts

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts(1)	Deductions(2)	Balance at End of Period
			(in thousands)		
Fiscal year 2005	$ 15,327	$ 1,271	$ 36	$ (6,964)	$ 9,670
Fiscal year 2006	9,670	3,106	3	(5,833)	6,946
Fiscal year 2007	6,946	5,427	277	(3,939)	8,711

(1) Represents changes attributable to foreign currency exchange rates.

(2) Primarily represents write-offs, net of recoveries.

Valuation allowance on deferred tax assets

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions(1)	Balance at End of Period
		(in thousands)		
Fiscal year 2005	$ 49,959	$ 43,819	$ —	$ 93,778
Fiscal year 2006	93,778	29,078	—	122,856
Fiscal year 2007	122,856	3,528	(3,036)	123,348

(1) Utilization of net operating loss carryforwards.

ITEM 17. UNDERTAKINGS

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

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Plano, State of Texas, on May 1, 2008.

SAFETY-KLEEN HOLDCO., INC.

By: /s/ Frederick J. Florjancic, Jr.

Name: Frederick J. Florjancic, Jr.
Title: CEO and President

POWER OF ATTORNEY

We, the undersigned officers and directors of Safety-Kleen HoldCo., Inc., hereby severally constitute and appoint Dennis McGill and T.R. Tunnell, and each of them acting alone, our true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them for him and in his name, place, and stead, and in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement (or any other registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933) and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and any applicable securities exchange or securities self-regulatory body, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on May 1, 2008.

Signature	Title
/s/ Frederick J. Florjancic, Jr. Frederick J. Florjancic, Jr.	CEO, President and Director (Principal Executive Officer)
/s/ Dennis McGill Dennis McGill	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Jeff Robertson Jeff Robertson	Senior Vice President, Controller (Principal Accounting Officer)

/s/ Ronald W. Haddock Ronald W. Haddock	Director
/s/ David Samuel Coats	Director

David Samuel Coats	
/s/ Patrick H. Daugherty Patrick H. Daugherty	Director
/s/ R. Randolph Devening R. Randolph Devening	Director
/s/ Matthew Kaufman Matthew Kaufman	Director
/s/ Jason Mudrick Jason Mudrick	Director
/s/ Richard B. Neff Richard B. Neff	Director
/s/ Gregory J. Stuecheli Gregory J. Stuecheli	Director

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* To be filed by amendment

\+ Included in the signature page hereto

QuickLinks

Safety-Kleen Envirosystems Company

EPA ID Number: NJD002153922

Other (Former) Names of Site

Balbach Smelting and Refining Corporation Works, **Kolker Chemical** Company, Inlan
Chemical Corporation, McKesson Envirosystems Company

Site Facts

The Safety-Kleen Envirosystems Company site is located on approximately 9.5 acres in a heavily industrialized area in Newark, New Jersey. The site is bounded on the west by Doremus Avenue and on the east by the confluence of the Passaic River and Newark Bay. Industrial facilities are located both north and south of the site.

During the 1800s, the site was part of the Balbach Smelting and Refining Corporation Works, which refined lead and copper. The refining operations ceased in 1938 and the ownership was transferred to the City of Newark. It was inactive until purchased in 195
by the **Kolker Chemical** Company, which manufactured chemicals at the location, including chlorine, methylene chloride, methyl chloride, chloroform and plasticizers. In 1962, the **Kolker Chemical** Company merged with Vulcan Materials Company.

In 1974, Inland Chemical Corporation purchased the property, phasing out chemical manufacturing and initiating solvent recovery operations in 1975. In 1976, the southern

EX-21.1 19 a2184595zex-21_1.htm EX-21.1

Exhibit 21.1

CORPORATE ORGANIZATIONAL STRUCTURE

SAFETY-KLEEN HOLDCO, INC.

The following list sets forth the subsidiaries of Safety-Kleen HoldCo., Inc. as of April 18, 2008. Parent subsidiary relations are indicated by indentations. Unless otherwise indicated, 100% of the voting securities of each subsidiary are owned by the indicated parent of such subsidiary.

NAME OF CORPORATION	JURISDICTION OF ORGANIZATION
Safety-Kleen HoldCo., Inc.	Delaware
SK Holding Company, Inc.	Delaware
Safety-Kleen Systems, Inc.	Wisconsin
The ArmaKleen Company, a Partnership (50%)	Delaware
Ecogard, Inc.	Delaware
Safety-Kleen de Mexico, S. de R.L. de C.V. (1%)	Mexico
Elgint Corp.	Nevada
Environmental, Ecological and Engineering Company	California
SK Europe, Inc.	Nevada
Safety-Kleen Canada Inc.	New Brunswick
Environnement Services et Machinerie E.S.M. Inc.	Quebec
Safety-Kleen Envirosystems Company	California
SK Servicos Ambientales Administrativos, S de R.L. de C.V. (1%)	Mexico
Safety-Kleen Envirosystems Company of Puerto Rico, Inc.	Indiana
Safety-Kleen International, Inc.	Delaware
Safety-Kleen de Mexico, S. de R.L. de C.V. (99%)	Mexico
SK Servicos Ambientales Administrativos, S de R.L. de C.V. (99%)	Mexico
Safety-Kleen International Asia Investment Company Limited (100%)	Hong Kong
SK Europe, Inc.	Nevada
The Solvents Recovery Service of New Jersey, Inc.	New Jersey