CLEAN HARBORS INC
Form 424B4
December 08, 2005

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Filed Pursuant to Rule 424(b)(4)
Registration No. 333-129346

2,000,000 Shares

Common Stock

Clean Harbors, Inc. is selling 2,000,000 shares of common stock.

Our common stock is listed on the NASDAQ National Market under the symbol "CLHB." The last reported sale price on the NASDAQ National Market on December 7, 2005 was $28.30 per share.

The underwriters have an option to purchase a maximum of 300,000 additional shares to cover over-allotments of shares.

Investing in our common stock involves risks. See "Risk Factors" on page 10.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to us
Per Share	$28.00	$1.575	$26.425
Total	$56,000,000	$3,150,000	$52,850,000

Delivery of the shares of common stock will be made on or about December 13, 2005.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse First Boston

Needham & Company, LLC

Wedbush Morgan Securities Inc.

CJS Securities, Inc.

The date of this prospectus is December 7, 2005.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus or in the documents incorporated by reference into this prospectus, is not complete and may not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the "Risk Factors" section before investing in our common stock. In this prospectus, unless the context requires otherwise, "we," "our," "us," "Clean Harbors" or "the Company" refers to Clean Harbors, Inc. and its subsidiaries.

Our Company

We are one of the largest providers of environmental services and the largest operator of non-nuclear hazardous waste treatment facilities in North America based on 2003 industry reports. We service approximately 55% of North America's commercial hazardous incineration volume, 17% of North America's hazardous landfill volume, and are the industry leader in total hazardous waste disposal facilities. We perform environmental services through a network of more than 100 service locations, and we operate five incineration facilities, nine commercial landfills, seven wastewater treatment operations, and 20 transportation, storage and disposal facilities, or TSDFs, as well as five Polychlorinated Biphenyls "PCB" management facilities and two oil and used oil products recycling facilities.

The wastes that we handle include materials that are classified as "hazardous" because of their unique properties, as well as other materials subject to federal and state environmental regulation. We provide final treatment and disposal services designed to manage hazardous and non-hazardous wastes, which cannot be economically recycled or reused.

Clean Harbors, Inc. was incorporated in Massachusetts in 1980 and has grown through a combination of strategic acquisitions and internal growth. The most significant of such acquisitions was our acquisition in September 2002 of substantially all of the assets of the Chemical Services Division, or CSD, of Safety-Kleen Corp. Our revenues increased from $350.1 million in 2002 to $611.0 million in 2003 primarily as a result of that acquisition.

Our Services

We provide a wide range of environmental services and manage our business as two major segments: Technical Services and Site Services.

Technical Services (69% of 2004 revenue). These services involve the transport, treatment and disposal of hazardous wastes, and include physical treatment, resource recovery, fuels blending, incineration, landfill disposal, wastewater treatment, lab chemical disposal, explosives management, and CleanPack® and Apollo Onsite Services. Our CleanPack® services include the collection, logistics management, specialized packaging, transportation and disposal of laboratory chemicals and household hazardous wastes. Our Apollo Onsite Services provide outsourced environmental programs management at customer sites.

Site Services (31% of 2004 revenue). These services provide customers with highly skilled experts who utilize specialty equipment and resources to perform services at any chosen location. Under the Site Services umbrella, our Field Service crews and equipment are dispatched on a planned or emergency basis, and perform services such as confined space entry for tank cleaning, site decontamination, large remediation projects, selective demolition, spill cleanup, railcar cleaning, product recovery and transfer, scarifying and media-blasting and vacuum services. Additional services include used oil and oil products recycling, as well as PCB management and disposal. Also, as part of Site Services, Industrial Services crews focus on industrial cleaning and maintenance projects.

Our Industry

According to industry reports, the hazardous waste disposal market in North America is in excess of $2.0 billion. We also service the much larger industrial maintenance market. The $2.0 billion estimate does not include the industrial maintenance market, except to the extent that the costs of disposal of hazardous wastes generated as a result of industrial maintenance are included. The largest generators of hazardous waste materials are companies in the chemical, petrochemical, primary metals, paper, furniture, aerospace and pharmaceutical industries.

The hazardous waste management industry was "created" in 1976 with the passage of the Resource Conservation and Recovery Act, or RCRA. RCRA requires waste generators to distinguish between "hazardous" and "non-hazardous" wastes, and to treat, store and dispose of hazardous waste in accordance with specific regulations. This new regulatory environment, combined with strong economic growth, increased corporate concern surrounding environmental liabilities, and early-stage industry dynamics contributed to growth in the industry.

In the mid to late 1990s, the hazardous waste management industry was characterized by overcapacity, minimal regulatory advances and pricing pressure. However, since 2001, over one-third of all North American commercial incineration capacity has been eliminated, and we believe that competition has been reduced through consolidation and that new regulations have increased the overall barriers to entry.

The collection and disposal of solid and hazardous wastes are subject to local, state, provincial and federal requirements and regulations, which regulate health, safety, the environment, zoning and land-use. Included in these regulations is the Comprehensive Environmental Response, Compensation and Liability Act of 1980, or CERCLA, of the United States. CERCLA holds generators and transporters of hazardous substances, as well as past and present owners and operators of sites where there has been a hazardous release, strictly, jointly and severally liable for environmental cleanup costs resulting from the release or threatened release. Canadian companies are regulated under similar regulations, but the responsibility and liability associated with the waste passes from the generator to the transporter or receiver of the waste, in contrast to provisions of CERCLA.

Corporate Information

We are a publicly traded company listed on The Nasdaq National Market under the symbol "CLHB." Our corporate offices are located at 1501 Washington Street, Braintree, MA 02184-7535, Attention: Executive Offices (telephone (781) 849-1800 ext. 4454). Our website address is www.cleanharbors.com. The information contained or incorporated in our website is not part of this prospectus.

The Offering

Common stock offered by us	2,000,000 shares
Common stock to be outstanding after the offering	19,048,838 shares
Use of Proceeds	We estimate that the net proceeds to us from the offering, after underwriting discounts and expenses, will be approximately $52.4 million. We intend to use these proceeds, together with approximately $8.9 million of the net proceeds we received in October 2005 from exercise of our previously outstanding common stock purchase warrants, to redeem $52.5 million principal amount of our outstanding $11^1/_4$% senior secured notes due 2012 and pay prepayment penalties and accrued interest of approximately $8.8 million in connection with such redemption. See "Use of Proceeds."
Risk Factors	You should carefully read and consider the information under "Risk Factors" and all other information set forth or incorporated by reference in this prospectus before investing in our common stock.
Nasdaq National Market symbol	CLHB

The number of shares of our common stock to be outstanding after this offering is based on the number of shares outstanding as of October 31, 2005, and does not include:

- 498,690 shares of common stock issuable upon exercise of outstanding common stock purchase warrants expiring September 10, 2009 with an exercise price of $8.00 per share;

- 212,821 shares of common stock issuable upon conversion of our outstanding Series B convertible preferred stock with a conversion price of $16.45 per common share;

- 290,637 shares of common stock issuable upon the exercise of options outstanding under our employee stock benefit plans which were either then vested or will vest within 60 days thereafter having a weighted average exercise price of $6.87 per share as of that date;

- 591,410 shares of common stock issuable from time to time in the future under our Employee Stock Purchase Plan; and

- up to 300,000 additional shares of common stock we have agreed to sell if the underwriters exercise in full their over-allotment option.

Unless otherwise stated, all information contained in this prospectus assumes that the underwriters will not exercise their over-allotment option.

Summary Historical Consolidated Financial Data

The following summary consolidated financial information should be reviewed in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Selected Historical Consolidated Financial Data" and our financial statements and the notes thereto included elsewhere in this prospectus.

The summary historical income statement data set forth below for the years ended December 31, 2002, 2003 and 2004 and the summary historical balance sheet data at December 31, 2003 and 2004 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary historical balance sheet data set forth below as of December 31, 2002 have been derived from the audited consolidated financial statements not included in this prospectus. The summary historical income statement data set forth below for the nine months ended September 30, 2004 and 2005 and the summary historical balance sheet data as of September 30, 2005 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The summary historical balance sheet data as of September 30, 2004 has been derived from unaudited consolidated financial statements not included in this prospectus. The unaudited financial statements include, in the opinion of our management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the data for such periods. The results of operations for the interim periods are not necessarily indicative of operating results for the full year.

	For the Nine Months Ended September 30,		For the Year Ended December 31,		
	2005	2004	2004	2003(1)	2002(1)(2)
	(in thousands except per share amounts)				
Income Statement Data:					
Revenues	$ 517,456	$ 467,038	$ 643,219	$ 610,969	$ 350,133
Cost of revenues	373,990	340,137	464,838	453,461	252,469
Selling, general and administrative expenses	77,133	77,225	104,509	108,430	61,518
Accretion of environmental liabilities(3)	7,883	7,753	10,394	11,114	1,199
Depreciation and amortization	21,517	17,464	24,094	26,482	15,508
Restructuring				(124)	750
Other acquisition costs					5,406
Income from operations	36,933	24,459	39,384	11,606	13,283
Other income (expense)(4)	427	(1,189)	(1,345)	(94)	129
(Loss) on refinancings(5)		(7,099)	(7,099)		(24,658)
Interest (expense), net	(17,791)	(16,377)	(22,297)	(23,724)	(13,414)
Income (loss) before provision for income taxes and cumulative effect of change in accounting principle	19,569	(206)	8,643	(12,212)	(24,660)
Provision for income taxes(6)	1,900	4,663	6,043	5,322	3,787
Income (loss) before cumulative effect of change in accounting principle	17,669	(4,869)	2,600	(17,534)	(28,447)
Cumulative effect of change in accounting principle				66	
Net income (loss)	17,669	(4,869)	2,600	(17,600)	(28,447)
Redemption of Series C preferred stock, dividends on Series B and C preferred stocks and accretion on Series C preferred stock(7)	210	11,728	11,798	3,287	1,291
Net income (loss) attributable to common shareholders	$ 17,459	$ (16,597)	$ (9,198)	$ (20,887)	$ (29,738)
Basic earnings (loss) per share attributable to common shareholders	$ 1.16	$ (1.18)	$ (.65)	$ (1.54)	$ (2.44)

	For the Nine Months Ended September 30,		For the Year Ended December 31,		
Diluted earnings (loss) per share attributable to common shareholders	$ 1.02	$ (1.18)	$ (.65)	$ (1.54)	$ (2.44)

Weighted average common shares outstanding	15,081	14,038	14,099	13,553	12,189
Weighted average common shares outstanding plus potentially dilutive common shares	17,357	14,038	14,099	13,553	12,189
Other Financial Data:					
Adjusted EBITDA(8)	$ 66,333	$ 50,878	$ 74,744	$ 50,744	$ 36,170
Ratio of Adjusted EBITDA to interest expense	3.7x	3.1x	3.4x	2.1x	2.7x
Capital expenditures(9)	$ 14,613	$ 19,736	$ 26,570	$ 34,832	$ 12,460

	At September 30,		At December 31,		
	2005	**2004**	**2004**	**2003(1)**	**2002(1)(2)**
			(in thousands)		
Balance Sheet Data:					
Working capital	$ 71,614	$ 33,004	$ 50,696	$ (19,575)	$ 23,537
Goodwill	19,032	19,032	19,032	19,032	19,032
Total assets	512,906	485,593	504,702	540,159	559,690
Long-term obligations (including current portion)(10)	154,596	153,285	153,129	187,119	174,350
Redeemable preferred stock				15,631	13,543
Stockholders' equity	34,616	3,335	11,038	7,696	20,420

(1)

We restated our financial statements for the years ended December 31, 2003 and 2002, in order to correct errors related to estimated self-insured workers' compensation and motor vehicle liability claims. We concluded that our previous methodology for estimating our self-insured workers' compensation and motor vehicle insurance claims resulted in an understatement of our self-insured liabilities because negative trends inherent in these types of liabilities were not considered in calculating the self-insured liability. The new methodology involves using an actuarial-based method versus the specific reserve method previously used. For the years ended December 31, 2003 and 2002, the impact of the restatements resulting from correcting our self-insured liabilities on net loss was as follows (in thousands):

	2003	**2002**
Net loss as previously reported	$ (17,345)	$ (28,191)
Restatement adjustment to cost of revenues	(255)	(256)
Net loss as restated	$ (17,600)	$ (28,447)

The adjustments for the years ended December 31, 2003 and 2002 did not change the amount of income tax expense previously recorded for those periods. For the years ended December 31, 2003 and 2002, the impact on other accrued expenses resulting from the correction of our self-insured liabilities was as follows (in thousands):

	2003	**2002**
Other accrued expenses as previously reported	$ 32,240	$ 33,863
Restatement adjustment	1,617	1,362
Other accrued expenses as restated	$ 33,857	$ 35,225

At December 31, 2003 and 2002, the impact of this restatement on accumulated deficit was as follows (in thousands):

	2003	2002
Accumulated deficit as previously reported	$ (60,921)	$ (43,576)
Restatement adjustment	(1,617)	(1,362)
Accumulated deficit as restated	$ (62,538)	$ (44,938)

The adjustments had no effect on net cash provided by operating activities.

(2)

Effective as of September 7, 2002, we acquired the assets of the Chemical Services Division of Safety-Kleen Corp. Amounts recorded for the year ended December 31, 2002, for revenues, cost of revenues, selling general and administrative expenses, accretion of environmental liabilities, depreciation and amortization, restructuring, other acquisition costs, other income, loss on refinancings, interest expense, provision for income taxes, working capital, total assets, long-term obligations, redeemable preferred stock and stockholders' equity were either significantly impacted by or resulted from the acquisition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Acquisition" and " Results of Operations."

(3)

Effective January 1, 2003, we adopted Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations." Accretion of environmental liabilities for the nine months ended September 30, 2005 and 2004, and the years ended December 31, 2004 and 2003, were due primarily to the implementation as of January 1, 2003 of SFAS No. 143 and accretion of the discount for the remedial liabilities assumed as part of the CSD assets acquired. Accretion of environmental liabilities for the year ended December 31, 2002, related to the accretion of the discount for the remedial liabilities assumed in the acquisition of the CSD assets. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Environmental Liabilities."

(4)

As further discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations Redemption of Series C Preferred Stock," we had outstanding prior to June 30, 2004, 25,000 shares of Series C Convertible Preferred Stock which consisted of two components, namely, the Host Contract and an Embedded Derivative which reflected the right of the holders of the Series C Preferred Stock to convert into our common stock on the terms set forth in the Series C Preferred Stock. The value of the Embedded Derivative was periodically marked to market which resulted in the inclusion of gains (losses) as a component of other income (expense) of $(1.6) million for the nine months ended September 30, 2004, and $(1.6) million, $(0.4) million and $0.1 million for the years ended December 31, 2004, 2003 and 2002, respectively.

(5)

As further discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations The 2004 Refinancing" and " Redemption of Series C Preferred Stock," we repaid on June 30, 2004 our then outstanding debt, redeemed our then outstanding Series C Preferred Stock and settled the Embedded Derivative liability associated with our Series C Preferred Stock. For the year ended December 31, 2004, we recorded refinancing expenses, net of $7.1 million relating to these activities.

(6)

The fiscal year 2002 provision for income taxes included a $1.1 million charge to provide a valuation allowance for all net deferred tax assets.

(7)

As further discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations The 2004 Refinancing" and " Redemption of Series C Preferred Stock," we had outstanding prior to June 30, 2004, 25,000 shares of Series C Convertible Preferred Stock. The amounts of $11.7 million and $11.8 million for the nine-month period ended September 30, 2004 and year ended December 31, 2004, respectively, both include $9.9 million related to the redemption of the Series C Preferred Stock.

(8)

For all periods presented, "Adjusted EBITDA" consists of net income (loss) plus accretion of environmental liabilities, depreciation and amortization, net interest expense, provision for (benefit from) income taxes, non-recurring severance charges, other non-recurring refinancing-related expenses, change in value of embedded derivative associated with our previously outstanding Series C Preferred Stock (which we redeemed June 30, 2004), and gain (loss) on sale of fixed assets. Such definition of "Adjusted EBITDA" is the same as the definition of "EBITDA" used in our current credit agreement and indenture for covenant compliance purposes. See below for a reconciliation of Adjusted EBITDA to both net income (loss) and net cash provided by operating activities for the specified periods. Our management considers Adjusted EBITDA to be a measurement of performance which provides useful information to both management and investors. Adjusted EBITDA should not be considered an alternative to net income or loss or other measurements under GAAP. Because Adjusted EBITDA is not calculated identically by all companies, our measurements of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

The following is a reconciliation of net income (loss) to Adjusted EBITDA for the following periods (in thousands):

	Nine Months Ended September 30,		**Year Ended December 31,**		
	2005	**2004**	**2004**	**2003(*)**	**2002(*)**
Net income (loss)	$ 17,669	$ (4,869)	$ 2,600	$ (17,600)	$ (28,447)
Accretion of environmental liabilities	7,883	7,753	10,394	11,114	1,199
Depreciation and amortization	21,517	17,464	24,094	26,482	15,508
Restructuring costs				(124)	750
Other acquisition costs					5,406
Loss on refinancings		7,099	7,099		24,658
Interest expense, net	17,791	16,377	22,297	23,724	13,414
Provision for income taxes	1,900	4,663	6,043	5,322	3,787
Non-recurring severance charges		16	25	1,089	
Other non-recurring refinancing-related expenses		1,186	1,326		
Change in value of embedded derivative		1,590	1,590	379	(129)
Other income	(584)				
Loss (gain) on sale of fixed assets	157	(401)	(724)	292	24
Cumulative effect of change in accounting principle				66	
Adjusted EBITDA	$ 66,333	$ 50,878	$ 74,744	$ 50,744	$ 36,170

(*)

See footnote (1) above describing the restatement of our financial statements for the year-ended December 31, 2003 and 2002.

The following reconciles Adjusted EBITDA to net cash provided by operating activities for the following periods (in thousands):

	Nine Months Ended September 30,		Year Ended December 31,		
	2005	2004	2004	2003(*)	2002(*)
Adjusted EBITDA	$ 66,333	$ 50,878	$ 74,744	$ 50,744	$ 36,170
Interest expense	(17,791)	(16,377)	(22,297)	(23,724)	(13,414)
Provision for income taxes	(1,900)	(4,663)	(6,043)	(5,322)	(3,787)
Allowance for doubtful accounts	(19)	598	1,232	2,439	842
Amortization of deferred financing costs	1,112	1,921	2,294	2,467	899
Change in environmental estimates	(9,040)	(1,396)	(3,287)	(215)	1,843
Amortization of debt discount	125		77		388
Deferred income taxes			381	(620)	1,676
(Gain) loss on sale of fixed assets	157	(401)	(724)	292	24
Other income	(584)				
Other non-recurring refinancing-related expenses and other		(1,186)	(1,351)		
Stock options expensed	88		35	29	166
Foreign currency loss (gain) on intercompany transactions	(370)	(351)	(88)	996	
Changes in assets and liabilities, net of acquisition					
Accounts receivable	(13,988)	(3,382)	(6,058)	20,265	(9,679)
Unbilled accounts receivable	(3,052)	115	4,429	4,539	(9,695)
Deferred costs	579	(88)	538	(838)	(4,433)
Prepaid expenses	6,242	(2,136)	(4,781)	14	(5,277)
Accounts payable	(7,890)	438	9,249	2,923	12,201
Closure, post-closure and remedial liabilities	(5,873)	(8,110)	(10,305)	(7,973)	(3,505)
Deferred revenue	(2,639)	846	(1,086)	(2,121)	8,693
Accrued disposal costs	90	873	910	(72)	(5,060)
Income taxes payable	(1,204)	3,485	(734)	685	1,214
Other, net	(2,222)	3,892	15,325	(5,651)	(3,617)
Net cash provided by operating activities	$ 8,154	$ 24,956	$ 52,460	$ 38,857	$ 5,649

(*) See footnote (1) above describing the restatement of our financial statements for the years ended December 31, 2003 and 2002.

(9) Capital expenditures include costs in connection with bringing our incinerators into compliance with the new MACT standards as follows: $4.3 million, $18.9 million and $2.3 million during the years ended December 31, 2004, 2003, and 2002, respectively.

(10) Long-term obligations (including current portion) include borrowings under our current and former revolving credit facilities.

RISK FACTORS

An investment in our common stock involves certain risks, including those we describe below. You should consider carefully these risk factors together with all of the information included or referred to in this prospectus before investing in our common stock.

Risks Relating to Our Business

We assumed significant environmental liabilities as part of the CSD acquisition, and our financial condition and results of operations would be adversely affected if we were required to pay such liabilities more rapidly or in greater amounts than now estimated.

As part of our acquisition of the assets of the CSD effective September 7, 2002, we assumed certain environmental liabilities of the CSD which were valued as of December 31, 2004, at approximately $184.5 million. We calculate certain of these liabilities on a present value basis in accordance with generally accepted accounting principles (which takes into consideration both the amount of such liabilities and the timing when it is projected that we will be required to pay such liabilities). We anticipate such liabilities will be payable over many years and that cash flows generated from our operations will generally be sufficient to fund the payment of such liabilities when required. However, events not now anticipated (such as future changes in environmental laws and regulations or their enforcement) could require that such payments be made earlier or in greater amounts than now estimated, which could adversely affect our financial condition and results of operations.

If we are unable to obtain at reasonable cost the significant amount of insurance and financial assurances which are required for our operations, our business and results of operations would be adversely affected.

We are required to carry significant amounts of insurance, to occasionally post bid and performance bonds, and to provide substantial amounts of financial assurances to governmental agencies for potential closure and post-closure care of our licensed hazardous waste treatment facilities should those facilities cease operation. Our total estimated closure and post-closure costs requiring financial assurance by regulators as of September 30, 2005, was $284.5 million. We have placed most of the required financial assurance for closure through a qualified insurance company, Steadfast Insurance Company (a unit of Zurich Insurance N.A.). We were required to and have posted letters of credit of approximately $73.5 million with Steadfast Insurance Company in order to obtain the insurance policies. The term of our current insurance policy from Steadfast Insurance Company will expire in September 2006, and our ability to continue conducting our operations could be adversely affected if we should become unable to obtain sufficient insurance, surety bonds and financial assurances at reasonable cost to meet our business and regulatory requirements in the future. The availability of insurance may be influenced by developments within the insurance industry itself, as well as the insurers' or sureties' assessment of their risk of loss with us.

The environmental services industry in which we participate is subject to significant economic and business risks.

Our future operating results may be affected by such factors as our ability to: utilize our facilities and workforce profitably in the face of intense price competition; maintain or increase market share in an industry which has experienced significant downsizing and consolidating; realize benefits from cost reduction programs; generate incremental volumes of waste to be handled through our facilities from existing and acquired sales offices and service centers; obtain sufficient volumes of waste at prices which produce revenue sufficient to offset the operating costs of the facilities; minimize downtime and disruptions of operations; and develop the site services business. In particular, economic downturns or recessionary conditions in North America, and increased outsourcing by North American manufacturers to plants located in countries with lower wage costs and less stringent environmental regulations, have adversely affected and may in the future adversely affect the demand for our services. The hazardous and industrial waste management business is also cyclical to the extent that it is dependent upon a stream of waste from cyclical industries such as the chemical and petrochemical, primary metals, paper, furniture and aerospace industries. If those cyclical industries slow significantly, the business that we receive from those industries is likely to slow.

A significant portion of our business depends upon the demand for major remedial projects and regulatory developments over which we have no control.

Our operations are significantly affected by the commencement and completion of major site remedial projects; cleanup of major spills or other events; seasonal fluctuations due to weather and budgetary cycles influencing the timing of customers' spending for remedial activities; the timing of regulatory decisions relating to hazardous waste management projects; changes in regulations governing the management of hazardous waste; secular changes in the waste processing industry towards waste minimization and the propensity for delays in the remedial market; and changes in the myriad of governmental regulations governing our diverse operations. We do not control such factors and, as a result, our revenue and income can vary significantly from quarter to quarter, and past financial performance for certain quarters may not be a reliable indicator of future performance for comparable quarters in subsequent years.

Seasonality makes it harder for us to manage our business and for investors to evaluate our performance.

Our operations may be affected by seasonal fluctuations due to weather and budgetary cycles influencing the timing of customers' spending for remedial activities. Typically during the first quarter of each calendar year there is less demand for environmental remediation due to weather related reasons, particularly in the northern and midwestern United States and Canada, and increased possibility of unplanned weather related plant shutdowns. This seasonality in our business makes it harder for us to manage our business and for investors to evaluate our performance.

The extensive environmental regulations to which we are subject may increase our costs and potential liabilities.

Our operations and those of others in the environmental industry are subject to extensive federal, state, provincial and local environmental requirements in both the United States and Canada. While increasing environmental regulation often presents new business opportunities for us, it often results in increased operating and compliance costs. Efforts to conduct our operations in compliance with all applicable laws and regulations, including environmental rules and regulations, require programs to promote compliance, such as training employees and customers, purchasing health and safety equipment, and in some cases hiring outside consultants and lawyers. Even with these programs, we and other companies in the environmental services industry are routinely faced with governmental enforcement proceedings which can result in fines or other sanctions and require expenditures for remedial work on waste management facilities and contaminated sites. Certain of these laws impose strict and, under certain circumstances, joint and several liability for cleanup of releases of regulated materials, and also liability for related natural resource damages.

From time to time, we have paid fines or penalties in governmental environmental enforcement proceedings, usually involving our waste treatment, storage and disposal facilities. Although none of these fines or penalties that we have paid in the past has had a material adverse effect upon us, we might in the future be required to make substantial expenditures as a result of governmental proceedings, which would have a negative impact on our earnings. Furthermore, regulators have the power to suspend or revoke permits or licenses needed for operation of our plants, equipment, and vehicles based on, among other factors, our compliance record, and customers may decide not to use a particular disposal facility or do business with us because of concerns about our compliance record. Suspension or revocation of permits or licenses would impact our operations and could have a material adverse impact on financial results. Although we have never had any of our facilities' operating permits revoked, suspended or non-renewed involuntarily, it is possible that such an event could occur in the future.

In the past, practices have resulted in releases at and from certain of our facilities, which may require investigation and, in some cases, remediation. We are currently conducting remedial activities at certain of our sites. While, based on available information, we do not believe these remedial activities will result in a material adverse effect upon our operations or financial condition, these activities or the discovery of previously unknown conditions could result in material costs.

Future changes in environmental regulations may require us to make significant capital expenditures.

Changes in environmental regulations can require us to make significant capital expenditures for our facilities. For example, in 2002, the United States Environmental Protection Agency, or EPA, promulgated Interim Standards of the Hazardous Waste Combustor Maximum Achievable Control Technology under the Federal Clean Air Act Amendments. These standards established new emissions limits and operational controls on all new and existing incinerators, cement kilns and light-weight aggregate kilns that burn hazardous waste-derived fuels. We have spent approximately $27.5 million since September 7, 2002 in order to bring our Kimball, Nebraska, Deer Park, Texas and Aragonite, Utah incineration facilities which we acquired as part of the CSD assets into compliance with the HWC MACT regulations. Future environmental regulations could cause us to make significant additional capital expenditures and adversely affect our results of operations and cash flow.

If our assumptions relating to expansion of our landfills should prove inaccurate, our results of operations and cash flow could be adversely affected.

When we include the expansion airspace in our calculations of available airspace, we adjust our landfill liabilities to the present value of projected costs for cell closure, and landfill closure and post-closure. It is possible that any of our estimates or assumptions could ultimately turn out to be significantly different from actual results. In some cases we may be unsuccessful in obtaining an expansion permit or we may determine that an expansion permit that we previously thought was probable has become unlikely. To the extent that such estimates, or the assumptions used to make those estimates, prove to be significantly different than actual results, or our belief that we will receive an expansion permit changes adversely in a significant manner, the landfill assets, including the assets incurred in the pursuit of the expansion, may be subject to impairment testing, and lower prospective profitability may result due to increased interest accretion and depreciation or asset impairments related to the removal of previously included expansion airspace. In addition, if our assumptions concerning the expansion airspace should prove inaccurate, certain of our cash expenditures for closure of landfills could be accelerated and adversely affect our results of operations and cash flow.

Future conditions might require us to make substantial write-downs in our assets, which would adversely affect our balance sheet and results of operations.

We participate in a highly volatile industry with multiple competitors, several of which have taken large write-offs and asset write-downs, operated under Chapter 11 bankruptcy protection and undergone major restructuring during the past several years. Periodically, we review long-lived assets for impairment. At the end of each of 2004, 2003 and 2002, we determined based on this review that no asset write-downs were required; however, if conditions in the industry were to deteriorate significantly, we could determine that certain of our assets were impaired and we would then be required to write-off all or a portion of our costs for such assets. Any such significant write-offs would adversely affect our balance sheet and results of operations.

Other Risks Relating to Our Company and Common Stock

Our substantial level of indebtedness and outstanding letters of credit could adversely affect our financial condition and ability to fulfill our obligations.

As of September 30, 2005, we had $156.4 million of outstanding indebtedness and $91.5 million of outstanding letters of credit. Our substantial level of indebtedness and outstanding letters of credit 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 and fees on our letters of credit;
- 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 and fee obligations, we may be required to refinance all or a portion of our existing debt and letter of credit 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.

The covenants in our financing agreements restrict our ability to operate our business and might lead to a default under our outstanding debt agreements.

The agreements governing our revolving credit and letter of credit facilities and the indenture relating to our outstanding senior secured notes limit, among other things, our ability and the ability of our restricted subsidiaries to:

- incur or guarantee additional indebtedness (including, for this purpose, reimbursement obligations under letters of credit) or issue preferred stock;
- pay dividends or make other distributions to our stockholders;
- purchase or redeem capital stock or subordinated indebtedness;
- make investments;
- create liens;

incur restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to us;

sell assets, including capital stock of our subsidiaries;

consolidate or merge with or into other companies or transfer all or substantially all of our assets; and

engage in transactions with affiliates.

As a result of these covenants, we may not be able to respond to changes in business and economic conditions and to obtain additional financing, if needed, and we may be prevented from engaging in transactions that might otherwise be beneficial to us. Our revolving credit and letter of credit facilities require, and our future credit facilities may require, us to maintain specified financial ratios and satisfy certain financial condition tests. Our ability to meet these financial ratios and tests can be affected by events beyond our control, and we may not be able to meet those tests. The breach of any of these covenants could result in a default under our revolving credit and letter of credit facilities. Upon the occurrence of an event of default under our revolving credit and letter of credit facilities or future credit facilities, the lenders could elect to declare all amounts outstanding under such credit facilities, including accrued interest or other obligations, to be immediately due and payable. If amounts outstanding under such credit facilities were to be accelerated, our assets may not be sufficient to repay in full that indebtedness and our other indebtedness, including our senior secured notes.

The instruments governing certain of our indebtedness, including the indenture governing our senior secured notes and our revolving credit and letter of credit facilities, also contain cross-default provisions. Under these provisions, a default under one instrument governing our indebtedness may constitute a default under our other instruments of indebtedness that contain cross default provisions, which could result in the related indebtedness and the indebtedness issued under other instruments becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which funds may not be available to us on favorable terms, on a timely basis or at all. Alternatively, such a default could require us to sell our assets and otherwise curtail operations to pay our creditors. The proceeds of such a sale of assets, or curtailment of operations, might not enable us to pay all of our liabilities.

We have not paid, and do not anticipate paying for the foreseeable future, dividends on our common stock.

We have not paid, and do not anticipate paying for the foreseeable future, any dividends on our common stock. Furthermore, our current credit agreement prohibits, and our indenture restricts, the payment by us of dividends on our common stock. We intend to retain future earnings, if any, for use in the operation and expansion of our business and payment of our outstanding debt.

Our founder and other directors and executive officers, as a group, will be able to exercise substantial influence over matters submitted to our shareholders for approval.

As of the date of this prospectus and after giving effect to the sale of shares by us in this offering, Alan S. McKim, our founder and chief executive officer, together with other directors and executive officers, will beneficially hold approximately 21.1% of our outstanding common stock assuming no exercise by the underwriters of their over-allotment option, or approximately 20.7% assuming full exercise by the underwriters of such option. As a result, our directors and executive officers will likely be able to exercise substantial influence over matters submitted to our shareholders for approval, including the election of directors, any merger, consolidation or sale of all or substantially all of our assets or any other significant corporate transactions. These shareholders may also delay or prevent a change of control even if such a change of control would benefit our other shareholders. The significant concentration of stock ownership might cause the trading price of our common stock to decline if investors were to perceive that conflicts of interest may exist or arise over any such potential transactions.

Potential future sales of common stock by our directors and executive officers, and our other principal shareholders, may cause our stock price to fall.

Future sales, or the availability for future sales, of substantial amounts of our common stock could adversely affect the market price of our common stock. As described above, as of the date of this prospectus and after giving effect to the sale of shares by us in this offering, our founder and other directors and executive officers will beneficially hold approximately 21.1% (assuming no exercise by the underwriters of their over-allotment option), or 20.7% (assuming full exercise by the underwriters of such option), of our outstanding common stock. In addition, two other holders which each beneficially now own in excess of 5% of our outstanding common stock collectively own an aggregate of 2,223,575 shares (approximately 11.7% of our common stock which will be outstanding upon completion of this offering assuming no exercise of the underwriters' over-allotment option, or 11.5% assuming a full exercise of such option). A decision by one or more of these shareholders to sell a substantial number of their shares could adversely affect the market price of our common stock. All of the approximately 20,050,986 shares (20,350,986 shares if the underwriters' over-allotment option is exercised in full) of our common stock which will be outstanding or subject to then exercisable warrants, conversion rights or options upon the completion of this offering will be freely tradable without restriction or further registration under the Securities Act, except for the approximately 4,034,545 of such shares beneficially held by our "affiliates" as that term is defined in Rule 144 under the Securities Act. The shares held by our "affiliates" include the shares beneficially held by our founder and other directors and executive officers described above. Shares beneficially owned by our affiliates may not be sold except in compliance with the registration requirements of the Securities Act or pursuant to an exemption from registration, such as Rule 144. Furthermore, the shares of common stock beneficially held by our directors and executive officers are subject to lock-up agreements for a period of 90 days after the date of this prospectus.

The Massachusetts Business Corporation Act and our By-Laws contain certain anti-takeover provisions.

Section 8.06 and 7.02 of the Massachusetts Business Corporation Act provide that Massachusetts corporations which are publicly-held must have a staggered board of directors and that written demand by holders of at least 40% of the outstanding shares of each relevant voting group of shareholders is required for shareholders to call a special meeting unless such corporations take certain actions to affirmatively "opt-out" of such requirements. In accordance with these provisions, our By-Laws provide for a staggered Board of Directors which consists of three classes of directors of which one class is elected each year for a three-year term, and require that written application by holders of at least 25% (which is less than the 40% which would otherwise be applicable without such a specific provision in our By-Laws) of our outstanding shares of common stock is required for shareholders to call a special meeting. In addition, our By-Laws prohibit the removal by the shareholders of a director except for cause. These provisions could inhibit a takeover of our company by restricting shareholder action to replace the existing directors or approve other actions which a party seeking to acquire us might propose. A takeover transaction would frequently afford shareholders an opportunity to sell their shares at a premium over then market prices.

As of December 31, 2004, we had a material weakness in our internal control over financial reporting, and we might find other material weaknesses in the future which may adversely affect our ability to provide timely and reliable financial information and satisfy our reporting obligations under federal securities laws.

As of December 31, 2004, we did not maintain effective controls over the completeness and accuracy of our self-insured workers' compensation and motor vehicle liability reserves. Specifically, we did not then have effective controls over estimating and monitoring self-insured workers' compensation and motor vehicle reserves. This control deficiency resulted in the restatement of our consolidated financial statements for the years ending December 31, 2003 and 2002, the restatement of the quarterly data for the fourth quarter ended December 31, 2003, as well as a fourth quarter audit adjustment in our 2004 financial statements. Additionally, this control deficiency could have resulted in a misstatement of workers' compensation and motor vehicle liability reserves that would have resulted in a material misstatement to annual or interim financial statements that would not be prevented or detected. Our management therefore determined that this control deficiency constituted a "material weakness" in our internal control over financial reporting as of December 31, 2004. Accordingly, the reports in Amendment No. 1 to our annual report on Form 10-K for the year ended December 31, 2004 by both our management and by PricewaterhouseCoopers, LLP, the independent registered public accounting firm which audited our 2004 financial statements, concluded that our internal control over financial reporting was not "effective" as of December 31, 2004.

In order to remediate the control weakness in our internal control over financial reporting described above, we are now using an actuarial-based method for estimating our reserves for self-insured workers' compensation and motor vehicle liability reserves. Although we believe that utilization of this actuarial-based method satisfactorily remediates our internal controls over estimating and monitoring self-insured workers' compensation and motor vehicle reserves, we might find other material weaknesses in our internal control over financial reporting in future periods. To the extent that any significant or material weaknesses exist in our internal control over financial reporting, such weaknesses may adversely affect our ability to provide timely and reliable financial information necessary for the conduct of our business and satisfaction of our reporting obligations under federal securities laws.

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

You should rely only on the information contained or incorporated by reference in this prospectus or to which we have referred you. We have not authorized anyone to provide you with information that is different. If anyone provides you with different or additional information, you should not rely on it. The information contained or incorporated by reference in this prospectus may be accurate only as of the date on the front cover of this prospectus or the date of the document incorporated by reference. We are not making an offer to sell the shares offered by this prospectus in any jurisdiction where the offer or sale is not permitted.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated herein by reference to our filings under the Securities Exchange Act of 1934 include "forward-looking statements," as defined by federal securities laws, with respect to our financial condition, results of operations and business and our expectations or beliefs concerning future events. Words such as, but not limited to, "believe," "expect," "anticipate," "estimate," "intend," "plan," "targets," "likely," "will," "would," "could" and similar expressions or phrases identify forward-looking statements.

All forward-looking statements involve risks and uncertainties. Many risks and uncertainties are inherent in the environmental services industry. Others are more specific to our operations. The occurrence of the events described, and the achievement of the expected results, depend on many events, some or all of which are not predictable or within our control. Actual results may differ materially from expected results.

Factors that may cause actual results to differ from expected results include, among others:

- our significant indebtednesses and ability to incur substantially more debt;
- our future cash flow and earnings;
- our ability to meet our debt obligations;
- our ability to increase our market share;
- our ability to retain our significant customers;
- our ability to manage the significant environmental liabilities which we assumed in connection with the CSD acquisition which became effective in September 2002;
- our ability to manage business growth and diversification and the effectiveness of our information systems;
- our ability to compete with competitors in our industry;
- the outcome of current and potential legal proceedings;
- the availability and costs of liability insurance and financial assurances required by governmental entities relating to our facilities;
- our ability to attract and retain qualified management personnel;

the effects of general industry and economic conditions;

our ability to identify suitable acquisition candidates or joint venture relationships for expansion, to consummate these transactions on favorable terms and to achieve satisfactory operating results from the acquired businesses; and

our ability to avoid unforeseen material liabilities as a result of acquiring new companies.

All future written and verbal forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We undertake no obligation, and specifically decline any obligation, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur.

See the section of this prospectus entitled "Risk Factors" for a more complete discussion of these risks and uncertainties and for other risks and uncertainties. These factors and the other risk factors described in this prospectus are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements and other unknown or unpredictable factors also could harm our results. Consequently, actual results or developments anticipated by us may not be realized and, even if substantially realized, they may not have the expected consequences to, or effects on, us. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

INDUSTRY AND MARKET DATA

We obtained the market and certain other data used in this prospectus from our own research, surveys or studies conducted by third parties and industry or general publications, such as EI Digest, and other publicly available sources. Industry and general publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Although we have not independently verified the market data and related information contained in this prospectus, we believe such data and information is accurate as of the date of this prospectus or the respective earlier dates specified in this prospectus.

PRICE RANGE OF COMMON STOCK

Our common stock trades on the NASDAQ National Market under the symbol "CLHB." The following table sets forth the high and low sales prices of our common stock for the indicated periods as reported by NASDAQ.

2005	High	Low
First Quarter	$ 20.95	$ 13.74
Second Quarter	24.06	15.21
Third Quarter	34.49	21.48
Fourth Quarter (through December 7, 2005)	36.59	25.45
2004	**High**	**Low**
First Quarter	$ 9.08	$ 6.45
Second Quarter	9.98	7.21
Third Quarter	12.11	8.26
Fourth Quarter	15.09	10.41
2003	**High**	**Low**
First Quarter	$ 16.52	$ 8.94
Second Quarter	15.09	8.95
Third Quarter	9.88	4.25
Fourth Quarter	9.35	3.25

On December 7, 2005, the last reported sale price on the Nasdaq National Market was $28.30 per share.

On September 30, 2005, there were 521 shareholders of record of our common stock, excluding stockholders whose shares were held in nominee name. We estimate that approximately 2,900 additional shareholders held shares in street name at that date.

DIVIDEND POLICY

We have never declared nor paid any cash dividends on our common stock, and we do not intend to pay any dividends on our common stock in the foreseeable future. We currently intend to retain our future earnings, if any, for use in the operation and expansion of our business and payment of our outstanding debt. In addition, our current credit agreement prohibits, and our indenture restricts, us from paying cash dividends on our common stock. To the extent permitted by our debt agreements then in effect, our board of directors will determine our future payment of dividends, if any, on our common stock.

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering, after deduction of underwriting discounts and expenses, will be approximately $52.4 million. We intend to use these net proceeds, together with approximately $8.9 million of the net proceeds we received in October 2005 from exercise of our previously outstanding common stock purchase warrants, to redeem $52.5 million principal amount of our outstanding $11^1/_4$% senior secured notes due 2012 and pay prepayment penalties and accrued interest of approximately $8.8 million in connection with such redemption.

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents, long-term debt (including current portion), and stockholders' equity as of September 30, 2005 on an actual basis, and pro forma to reflect (i) the sale of 2,000,000 shares of our common stock in this offering at the public offering price of $28.00 per share, (ii) our receipt of the net proceeds from such offering after deducting the underwriting discount and estimated offering expenses, (iii) the redemption of $52.5 million principal amount of our outstanding 11$^{1}/_{4}$% senior secured notes due 2012 and payment of prepayment penalties and accrued interest through the anticipated redemption date of approximately $8.8 million in connection with such redemption, (iv) our write-off of the $0.6 million of unamortized discount relating to the redeemed senior secured notes, and (v) our write-off of the $1.9 million of deferred financing fees associated with the redeemed senior secured notes. The table does not reflect our issuance during October 2005 of an aggregate of 1,559,250 shares of common stock upon exercise of previously outstanding common stock purchase warrants for an aggregate exercise price of $12.5 million, or our write-off of $2.4 million of deferred financing fees and incurrence of $1.7 million of new financing fees associated with the amendment and restatement of our revolving credit and synthetic letter of credit facilities effective December 1, 2005, as described under "Description of Certain Indebtedness" elsewhere in this prospectus. This table should be read in conjunction with "Use of Proceeds," "Unaudited Pro Forma Financial Data," "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical financial statements and notes thereto elsewhere in this prospectus.

	As of September 30, 2005	
	Actual	Pro Forma
	(dollars in thousands)	
Cash and cash equivalents	$ 47,141	$ 39,805
Long-term debt, including current portion:		
Revolving credit facility(1)	$	$
Capital lease obligations	6,350	6,350
Senior secured notes due 2012, net of discount	148,246	96,360
Total long-term debt, including current portion(2)	154,596	102,710
Stockholders' equity:		
Series B convertible preferred stock; Authorized 156,416 shares; issued and outstanding 70,000 shares (liquidation preference of $3.5 million)	1	1
Common stock, $.01 par value; Authorized 40,000,000 shares; issued and outstanding 15,476,123 and 17,476,123 shares, respectively	155	175
Additional paid-in capital	66,839	119,169
Accumulated other comprehensive income	9,890	9,890
Accumulated deficit	(42,269)	(50,654)
Total stockholders' equity	34,616	78,581
Total capitalization	$ 189,212	$ 181,291

(1) Our revolving credit facility, as amended effective December 1, 2005, allows us to borrow or obtain letters of credit for an aggregate of up to $70.0 million. As of September 30, 2005, we had no borrowings and $2.8 million of letters of credit outstanding under our revolving credit facility, and approximately $27.2 million available to borrow. As of December 1, 2005, we continued to have no borrowings under our revolving credit facility, but the amount of letters of credit outstanding under our revolving credit facility increased to $39.8 million, and we therefore then had $30.2 million available to borrow. The increase in the letters of credit outstanding under our revolving facility resulted primarily from the issuance of new letters of credit under that facility on December 1, 2005 in exchange for letters of credit previously outstanding under our synthetic letter of credit facility in order to reduce the total

amount of letters of credit outstanding under the synthetic letter of credit facility to $50.0 million.

(2) Long-term debt excludes $91.5 million of letters of credit outstanding on September 30, 2005.

UNAUDITED PRO FORMA FINANCIAL DATA

Unaudited Pro Forma Income Statement
For the Year Ended December 31, 2004

The following unaudited pro forma income statement for the year ended December 31, 2004 reflects (i) the sale of 2,000,000 shares of our common stock in this offering at the public offering price of $28.00 per share, and (ii) our proposed redemption of $52.5 million principal amount of our outstanding 11$^{1}/_{4}$% senior secured notes due 2012, utilizing such net proceeds and approximately $8.9 million from the exercise in October 2005 of our previously outstanding warrants. Pro forma adjustments to interest expense and income taxes have been made as if the redemption occurred on January 1, 2004. The statement does not reflect our anticipated payment of prepayment penalties and accrued interest of approximately $8.8 million in connection with such redemption and the related write-off of $0.6 million of unamortized discount and $1.9 million of deferred financing fees both relating to the $52.5 million principal amount of notes redeemed, or write-off of $2.4 million of deferred financing fees and our incurrence of $1.7 million of new financing fees associated with the amendment and restatement of our revolving credit and synthetic letter of credit facilities effective December 1, 2005, as described under "Description of Certain Indebtedness" elsewhere in this prospectus. This statement should be read in conjunction with "Use of Proceeds," "Capitalization," "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical financial statements and notes thereto elsewhere in this prospectus.

	Year Ended December 31, 2004		
	Actual	Pro Forma Adjustments	Pro Forma
	(In thousands, except per share data)		
Revenues	$ 643,219	$	$ 643,219
Cost of revenues	464,838		464,838
Selling, general and administrative expenses	104,509		104,509
Accretion of environmental liabilities	10,394		10,394
Depreciation and amortization	24,094		24,094
Income from operations	39,384		39,384
Other income (expense), net	(1,345)		(1,345)
Loss on refinancing	(7,099)		(7,099)
Interest (expense), net of interest income(1)	(22,297)	6,232	(16,065)
Income before provision for income taxes	8,643	6,232	14,875
Provision for income taxes(2)	6,043	184	6,227
Net income	2,600	6,048	8,648
Redemption of Series C Preferred Stock and dividends and accretion on preferred stocks	11,798		11,798
Net income (loss) attributable to common shareholders	$ (9,198)	$ 6,048	$ (3,150)
Loss per share:			
Basic loss attributable to common shareholders	$ (0.65)		$ (0.20)
Diluted loss attributable to common shareholders	$ (0.65)		$ (0.20)
Weighted average common shares outstanding(3)	14,099	2,000	16,099
Weighted average common shares outstanding plus potentially dilutive common shares	14,099	2,000	16,099

(1) The pro forma adjustment of interest expense consists of the elimination of $6.2 million of interest expense related to the $52.5 million reduction in $11^{1}/_{4}$% senior secured notes outstanding.

(2) The pro forma adjustment of provision for income taxes consists of an increase in U.S. federal income taxes of $0.2 million associated with alternative minimum taxes. The increase in the pro forma adjustment for provision for income taxes is less than the statutory income tax rates because of the existence of net operating loss carryforwards for which a full valuation allowance had been provided.

(3) Does not include 1,559,250 shares which we issued in October 2005 upon the exercise of previously outstanding common stock purchase warrants.

Unaudited Pro Forma Income Statement
For the Nine Months Ended September 30, 2005

The following unaudited pro forma income statement for the nine months ended September 30, 2005 reflects (i) the sale of 2,000,000 shares of our common stock in this offering at the public offering price of $28.00 per share, and (ii) our proposed redemption of $52.5 million principal amount of our outstanding 11$^1/_4$% senior secured notes due 2012, utilizing such net proceeds and $8.9 million from the exercise in October 2005 of previously outstanding warrants. Pro forma adjustments to interest expense and income taxes have been made as if the redemption occurred on January 1, 2005. The statement does not reflect our anticipated payment of prepayment penalties and accrued interest of approximately $8.8 million in connection with such redemption and the related write-off of $0.6 million of unamortized discount and $1.9 million of deferred financing fees both relating to the $52.5 million of principal amount of notes redeemed, or our write-off of $2.4 million of deferred financing fees and incurrence of $1.7 million of new financing fees associated with the amendment and restatement of our revolving credit and synthetic letter of credit facilities effective December 1, 2005, as described under "Description of Certain Indebtedness" elsewhere in this prospectus. This statement should be read in conjunction with "Use of Proceeds," "Capitalization," "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical financial statements and notes thereto elsewhere in this prospectus.

	Nine Months Ended September 30, 2005		
	Actual	Pro Forma Adjustments	Pro Forma
	(In thousands except per share data)		
Revenues	$ 517,456	$	$ 517,456
Cost of revenues	373,990		373,990
Selling, general and administrative expenses	77,133		77,133
Accretion of environmental liabilities	7,883		7,883
Depreciation and amortization	21,517		21,517
Income from operations	36,933		36,933
Other income (expense), net	427		427
Loss on refinancing			
Interest (expense), net of interest income(1)	(17,791)	4,680	(13,111)
Income before provision for income taxes	19,569	4,680	24,249
Provision for income taxes(2)	1,900	106	2,006
Net income	17,669	4,574	22,243
Redemption of Series C Preferred Stock and dividends and accretion on preferred stocks	210		210
Net income attributable to common shareholders	$ 17,459	$ 4,574	$ 22,033
Earnings per share:			
Basic earnings attributable to common shareholders	$ 1.16		$ 1.29
Diluted earnings attributable to common shareholders	$ 1.02		$ 1.15
Weighted average common shares outstanding(3)	15,081	2,000	17,081
Weighted average common shares outstanding plus potentially dilutive common shares	17,357	2,000	19,357

(1)
The pro forma adjustment of interest expense consists of the elimination of $4.7 million of interest expense related to the $52.5 million reduction in $11^{1}/_{4}$% senior secured notes outstanding.

(2)
The pro forma adjustment of provision for income taxes consists of an increase in U.S. federal income taxes of $0.1 million associated with alternative minimum taxes. The increase in the pro forma adjustment for provision for income taxes is less than the statutory income tax rates because of the existence of net operating loss carryforwards for which a full valuation allowance had been provided.

(3)
Does not include 1,559,250 shares which we issued in October 2005 upon the exercise of previously outstanding common stock warrants.

Unaudited Pro Forma Balance Sheet
As of September 30, 2005

The following unaudited pro forma balance sheet as of September 30, 2005 reflects (i) the sale of 2,000,000 shares of our common stock in this offering at the public offering price of $28.00 per share, after deducting underwriting discount and offering expenses, (ii) our proposed redemption, utilizing such net proceeds and approximately $8.9 million from the exercise in October 2005 of our previously outstanding warrants, of $52.5 million principal amount of our outstanding $11^{1}/_{4}$% senior secured notes due 2012. Pro forma adjustments to the cash and cash equivalents, deferred financing fees, other accrued expenses, income taxes payable, long-term obligations, common stock, additional paid-in capital and retained deficit have been made as if the redemption of notes had occurred on September 30, 2005. The balance sheet does not reflect either (i) our issuance during October 2005 of an aggregate of 1,559,250 shares of common stock upon exercise of previously outstanding warrants for an aggregate of $12,474,000, or (ii) our write-off of $2.4 million of deferred financing fees and our incurrence of $1.7 million of new financing fees associated with the amendment and restatement of our revolving credit and synthetic letter of credit facilities effective December 1, 2005, as described under "Description of Certain Indebtedness" elsewhere in this prospectus. This balance sheet should be read in conjunction with "Use of Proceeds," "Capitalization," "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical financial statements and notes thereto elsewhere in this prospectus.

	As of September 30, 2005		
	Actual	Pro Forma Adjustments	Pro Forma
	(Dollars in thousands)		
Assets:			
Cash and cash equivalents(1)	$ 47,141	$ (7,336)	$ 39,805
Accounts receivable, net	135,782		135,782
Unbilled accounts receivable	8,531		8,531
Deferred costs	4,367		4,367
Prepaid expenses	7,183		7,183
Supplies inventories	11,754		11,754
Income tax receivable	1,468		1,468
Properties held for sale	8,934		8,934
Property, plant and equipment, net	178,203		178,203
Deferred financing fees(2)	7,938	(1,865)	6,073
Goodwill, net	19,032		19,032
Permits and other intangibles, net	78,428		78,428
Deferred tax asset	701		701
Other assets	3,444		3,444
Total assets	$ 512,906	$ (9,201)	$ 503,705
Liabilities and Stockholders' Equity:			
Uncashed checks	$ 8,636	$	$ 8,636
Accounts payable	65,397		65,397
Accrued disposal costs	3,168		3,168
Deferred revenue	19,537		19,537
Other accrued expenses(3)	39,001	(1,280)	37,721
Income taxes payable	2,421		2,421
Closure, post-closure and remedial liabilities	171,112		171,112
Long-term obligations(4)	148,246	(51,886)	96,360
Capital lease obligations	6,350		6,350
Other long-term liabilities	13,788		13,788
Accrued pension cost	634		634
Total liabilities	478,290	(53,166)	425,124
Stockholders' Equity:			
Series B convertible preferred stock	1		1
Common stock(5)	155	20	175
Additional paid-in capital(6)	66,839	52,330	119,169
Accumulated other comprehensive income	9,890		9,890
Retained deficit(7)	(42,269)	(8,385)	(50,654)

	As of September 30, 2005		
Total stockholders' equity	34,616	43,965	78,581
Total liabilities and stockholders' equity	$ 512,906	$ (9,201)	$ 503,705

(1) The pro forma adjustment to cash and cash equivalents consists of receipt of cash, net of underwriting discounts and estimated offering costs, of $52.4 million from the issuance of 2,000,000 of common stock, the redemption of the $52.5 million principal amount of our outstanding 11 1/4% senior secured notes due 2012, payment of related prepayment penalties of $5.9 million on the senior secured notes, and payment of $1.3 million of related accrued interest.

(2)

The pro forma adjustment to deferred financing fees relates to our write-off of $1.9 million of deferred financing fees related to the redemption of $52.5 million principal amount of our outstanding 11$^{1}/_{4}$% senior secured notes due 2012.

(3)

The pro forma adjustment to other accrued expenses of $1.3 million relates to our payment of accrued interest on the $52.5 million principal amount redeemed of our outstanding 11$^{1}/_{4}$% senior secured notes due 2012.

(4)

The pro forma adjustment to long-term debt reflects our redemption of $52.5 million principal amount of our outstanding 11$^{1}/_{4}$% senior secured notes due 2012 and our write-off of the $0.6 million of unamortized discount relating to the redeemed senior secured notes.

(5)

The pro forma adjustment to common stock reflects our sale of 2,000,000 shares of our common stock in this offering.

(6)

The pro forma adjustment to additional paid-in capital of $52.3 million reflects our sale of 2,000,000 shares of our common stock in this offering at the public offering price of $28.00, and our receipt of the net proceeds from our sale of such common stock after deducting underwriting discounts and estimated offering expenses payable by us.

(7)

The pro forma adjustment to retained deficit of $8.4 million reflects a total of $8.4 million for prepayment penalties, the related write-off of deferred financing fees, and the related write-off of the unamortized issuance discount associated with the redemption of $52.5 million principal amount of our outstanding 11$^{1}/_{4}$% senior secured notes due 2012.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be reviewed in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical financial statements and the notes thereto included elsewhere in this prospectus.

The selected historical income statement data set forth below for the years ended December 31, 2004, 2003 and 2002 and the selected historical balance sheet data as of December 31, 2004 and 2003 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected historical income statement data set forth below for the years ended December 31, 2001 and 2000 and the selected historical balance sheet data set forth below as of December 31, 2000, 2001 and 2002 have been derived from our audited consolidated financial statements not included in this prospectus. The selected historical income statement data set forth below for the nine months ended September 30, 2005 and 2004 and the selected historical balance sheet data as of September 30, 2005 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The selected historical balance sheet data as of September 30, 2004 has been derived from our unaudited consolidated financial statements not included in this prospectus. The unaudited financial statements include, in the opinion of our management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the data for such periods. The results of operations for the interim periods are not necessarily indicative of operating results for the full year.

	For the Nine Months Ended September 30,		For the Year Ended December 31,				
	2005	2004	2004	2003(1)	2002(1)(2)	2001(1)	2000(1)
	(in thousands except per share amounts)						
Income Statement Data:							
Revenues	$ 517,456	$ 467,038	$ 643,219	$ 610,969	$ 350,133	$ 251,601	$ 233,466
Cost of revenues	373,990	340,137	464,838	453,461	252,469	178,348	165,804
Selling, general and administrative expenses	77,133	77,225	104,509	108,430	61,518	43,727	41,610
Accretion of environmental liabilities(3)	7,883	7,753	10,394	11,114	1,199		
Depreciation and amortization	21,517	17,464	24,094	26,482	15,508	11,113	10,656
Restructuring				(124)	750		
Other acquisition costs					5,406		
Income from operations	36,933	24,459	39,384	11,606	13,283	18,413	15,396
Other income (expense)(4)	427	(1,189)	(1,345)	(94)	129		
(Loss) on refinancings(5)		(7,099)	(7,099)		(24,658)		
Interest (expense), net	(17,791)	(16,377)	(22,297)	(23,724)	(13,414)	(10,724)	(9,795)
Income (loss) before provision for income taxes and cumulative effect of change in accounting principle	19,569	(206)	8,643	(12,212)	(24,660)	7,689	5,601
	1,900	4,663	6,043	5,322	3,787	2,412	(2,016)

	For the Nine Months Ended September 30,		For the Year Ended December 31,				
Provision for (benefit from) income taxes(6)							
Income (loss) before cumulative effect of change in accounting principle	17,669	(4,869)	2,600	(17,534)	(28,447)	5,277	7,617
Cumulative effect of change in accounting principle				66			
Net income (loss)	17,669	(4,869)	2,600	(17,600)	(28,447)	5,277	7,617
Redemption of Series C preferred stock, dividends on Series B and C preferred stocks and accretion on Series C preferred stock(7)	210	11,728	11,798	3,287	1,291	448	448
Net income (loss) attributable to common shareholders	$ 17,459	$ (16,597)	$ (9,198)	$ (20,887)	$ (29,738)	$ 4,829	$ 7,169

Basic earnings (loss) per share:							
Earnings (loss) before cumulative effect of change in accounting principle	$ 1.16	$ (1.18)	$ (0.65)	$ (1.54)	$ (2.44)	$ .42	$ .65
Cumulative effect of change in accounting principle, net of tax							
Basic earnings (loss) attributable to common shareholders	$ 1.16	$ (1.18)	$ (0.65)	$ (1.54)	$ (2.44)	$ .42	$ .65
Diluted earnings (loss) per share:							
Earnings (loss) before cumulative effect of change in accounting principles	$ 1.02	$ (1.18)	$ (0.65)	$ (1.54)	$ (2.44)	$ .38	$ .63
Cumulative effect of change in accounting principle, net of tax							
Diluted earnings (loss) attributable to common shareholders	$ 1.02	$ (1.18)	$ (0.65)	$ (1.54)	$ (2.44)	$ .38	$ .63
Weighted average common shares outstanding	15,081	14,038	14,099	13,553	12,189	11,404	11,085
Weighted average common shares outstanding plus potentially dilutive common shares	17,357	14,038	14,099	13,553	12,189	12,676	11,305
Other Financial Data:							
Adjusted EBITDA(8)	$ 66,333	$ 50,878	$ 74,744	$ 50,744	$ 36,170	$ 29,466	$ 25,982

	At September 30,		At December 31,				
	2005	**2004**	**2004**	**2003**	**2002(1)(2)**	**2001(1)**	**2000(1)**
				(in thousands)			
Balance Sheet Data:							
Working capital	$ 71,614	$ 33,004	$ 50,696	$ (19,575)	$ 23,537	$ 9,423	$ 15,578
Goodwill	19,032	19,032	19,032	19,032	19,032	19,032	19,799
Total assets	512,906	485,593	504,702	540,159	559,690	156,958	149,568
Long-term obligations (including current portion)(9)	154,596	153,285	153,129	187,119	174,350	53,224	67,727
Redeemable preferred stock				15,631	13,543		
Stockholders' equity	34,616	3,335	11,038	7,696	20,420	48,463	40,792

(1) We restated our financial statements for the years ended December 31, 2003 and 2002, and financial information for the years ended December 31, 2001, 2000 and 1999, in order to correct errors related to estimated self-insured workers' compensation and motor vehicle liability claims. We concluded that our previous methodology for estimating our self-insured workers' compensation and motor vehicle insurance claims resulted in an understatement of our self-insured liabilities because negative trends inherent in these types of liabilities were not considered in calculating the self-insured liability. The new methodology involves using an actuarial-based method versus the specific reserve method previously used. For the years ended December 31, 2003, 2002, 2001 and 2000, the impact of the restatements resulting from correcting our self-insured liabilities on net income (loss) was as follows (in thousands):

	2003	**2002**	**2001**	**2000**
Net income (loss) as previously reported	$ (17,345)	$ (28,191)	$ 5,540	$ 7,118
Restatement adjustment to cost of revenues	(255)	(256)	(263)	499

	2003	2002	2001	2000
Net income (loss) as restated	$ (17,600)	$ (28,447)	$ 5,277	$ 7,617

The adjustments for the years ended December 31, 2003, 2002, 2001 and 2000 did not change the amount of income tax expense previously recorded for those periods. For the years ended December 31, 2003 and 2002, the impact on other accrued expenses resulting from the correction of our self-insured liabilities was as follows (in thousands):

	2003	2002
Other accrued expenses as previously reported	$ 32,240	$ 33,863
Restatement adjustment	1,617	1,362
Other accrued expenses as restated	$ 33,857	$ 35,225

At December 31, 2003, 2002, 2001 and 2000, the impact of this restatement on accumulated deficit was as follows (in thousands):

	2003	2002	2001	2000
Accumulated deficit as previously reported	$ (60,921)	$ (43,576)	$ (15,385)	$ (20,477)
Restatement adjustment	(1,617)	(1,362)	(1,106)	(843)
Accumulated deficit as restated	$ (62,538)	$ (44,938)	$ (16,491)	$ (21,320)

The adjustments had no effect on net cash provided by operating activities.

(2)

Effective as of September 7, 2002, we acquired the assets of the Chemical Services Division of Safety-Kleen Corp. Amounts recorded for the year ended December 31, 2002, for revenues, cost of revenues, selling general and administrative expenses, accretion of environmental liabilities, depreciation and amortization, restructuring, other acquisition costs, other income, loss on refinancings, interest expense, provision for income taxes, working capital, total assets, long-term obligations, redeemable preferred stock and stockholders' equity were either significantly impacted by or resulted from the acquisition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Acquisition" and " Results of Operations."

(3)

Effective January 1, 2003, we adopted Statement of Financial Accounting Standards ("SFAS") No. 143. Accretion of environmental liabilities for the nine months ended September 30, 2005 and 2004, and the years ended December 31, 2004 and 2003, were due primarily to the implementation as of January 1, 2003 of SFAS No. 143 and accretion of the discount for the remedial liabilities assumed as part of the CSD assets acquired. Accretion of environmental liabilities for the year ended December 31, 2002, related to the accretion of the discount for the remedial liabilities assumed in the acquisition of the CSD assets. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Environmental Liabilities."

(4)

As further discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations Redemption of Series C Preferred Stock," we had outstanding prior to June 30, 2004, 25,000 shares of Series C Convertible Preferred Stock which consisted of two components, namely, the Host Contract and an Embedded Derivative which reflected the right of the holders of the Series C Preferred Stock to convert into our common stock on the terms set forth in the Series C Preferred Stock. The value of the Embedded Derivative was periodically marked to market which resulted in the inclusion of gains (losses) as a component of other income (expense) of $(1.6) million for the nine months ended September 30, 2004, and $(1.6) million, $(0.4) million and $0.1 million for the years ended December 31, 2004, 2003 and 2002, respectively.

(5)

As further discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations The 2004 Refinancing" and " Redemption of Series C Preferred Stock," we repaid on June 30, 2004 our then outstanding debt, redeemed our then outstanding Series C Preferred Stock and settled the Embedded Derivative liability associated with our Series C

Preferred Stock. For the year ended December 31, 2004, we recorded refinancing expenses, net, of $7.1 million relating to these activities.

(6)
The fiscal year 2002 provision for income taxes included a $1.1 million charge to provide a valuation allowance for all net deferred tax assets. The fiscal years 2001 and 2000 provision for (benefit from) income taxes include benefits of $1.3 million and $2.4 million, respectively, relating to the partial reversal of a valuation allowance for deferred taxes previously recorded.

(7)
As further discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations The 2004 Refinancing" and " Redemption of Series C Preferred Stock," we had outstanding prior to June 30, 2004, 25,000 shares of Series C Convertible Preferred Stock. The amounts of $11.7 million and $11.8 million for the nine-month period ended September 30, 2004 and year ended December 31, 2004, respectively, both include $9.9 million related to the redemption of the Series C Preferred Stock.

(8)
For all periods presented, "Adjusted EBITDA" consists of net income (loss) plus accretion of environmental liabilities, depreciation and amortization, net interest expense, provision for (benefit from) income taxes, non-recurring severance charges, other non-recurring refinancing-related expenses, change in value of embedded derivative associated with our previously outstanding Series C Preferred Stock (which we redeemed June 30, 2004), and gain (loss) on sale of fixed assets. Such definition of "Adjusted EBITDA" is the same as the definition of "EBITDA" used in our current credit agreement and indenture for covenant compliance purposes. See below for a reconciliation of Adjusted EBITDA to both net income (loss) and net cash provided by operating activities for the specified periods. Our management considers Adjusted EBITDA to be a measurement of performance which provides useful information to both management and investors. Adjusted EBITDA should not be considered an alternative to net income or loss or other measurements under GAAP. Because Adjusted EBITDA is not calculated identically by all companies, our measurements of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

The following is a reconciliation of net income (loss) to Adjusted EBITDA for the following periods (in thousands):

	Nine Months Ended September 30,		Year Ended December 31,				
	2005	2004	2004	2003(*)	2002(*)	2001(*)	2000(*)
Net income (loss)	$ 17,669	$ (4,869)	$ 2,600	$ (17,600)	$ (28,447)	$ 5,277	$ 7,617
Accretion of environmental liabilities	7,883	7,753	10,394	11,114	1,199		
Depreciation and amortization	21,517	17,464	24,094	26,482	15,508	11,113	10,656
Restructuring costs				(124)	750		
Other acquisition costs					5,406		
Loss on refinancings		7,099	7,099		24,658		
Interest expense, net	17,791	16,377	22,297	23,724	13,414	10,724	9,795
Provision for (benefit from) income taxes	1,900	4,663	6,043	5,322	3,787	2,412	(2,016)
Non-recurring severance charges		16	25	1,089			
Other non-recurring refinancing-related expenses		1,186	1,326				
Change in value of embedded derivative		1,590	1,590	379	(129)		
Other income	(584)						
Loss (gain) on sale of fixed assets	157	(401)	(724)	292	24	(60)	(70)
Cumulative effect of change in accounting principle				66			
Adjusted EBITDA	$ 66,333	$ 50,878	$ 74,744	$ 50,744	$ 36,170	$ 29,466	$ 25,982

(*)
See footnote (1) above describing the restatement of our financial statements for the years ended December 31, 2003, 2002, 2001 and 2000.

The following reconciles Adjusted EBITDA to net cash provided by operating activities for the following periods ended (in thousands):

	Nine Months Ended September 30,		Year Ended December 31,				
	2005	2004	2004	2003(*)	2002(*)	2001(*)	2000(*)
Adjusted EBITDA	$ 66,333	$ 50,878	$ 74,744	$ 50,744	$ 36,170	$ 29,466	$ 25,982
Interest expense	(17,791)	(16,377)	(22,297)	(23,724)	(13,414)	(10,724)	(9,795)
(Provision for) benefit from income taxes	(1,900)	(4,663)	(6,043)	(5,322)	(3,787)	(2,412)	2,016
Allowance for doubtful accounts	(19)	598	1,232	2,439	842	587	684
Amortization of deferred financing costs	1,112	1,921	2,294	2,467	899	636	345
Change in environmental liabilities	(9,040)	(1,396)	(3,287)	(215)	1,843		
Amortization of debt discount	125		77		388	238	
Deferred income taxes			381	(620)	1,676	1,347	(2,400)
(Gain) loss on sale of fixed assets	157	(401)	(724)	292	24	(60)	(70)
Other income	(584)						
Other non-recurring refinancing-related expenses and other		(1,186)	(1,351)				
Stock options expensed	88		35	29	166		
Foreign currency loss (gain) on intercompany transactions	(370)	(351)	(88)	996			
Changes in assets and liabilities, net of acquisition							
Accounts receivable	(13,988)	(3,382)	(6,058)	20,265	(9,679)	451	(5,774)
Unbilled accounts receivable	(3,052)	115	4,429	4,539	(9,695)	(382)	1,669
Deferred costs	579	(88)	538	(838)	(4,433)	(130)	(14)
Prepaid expenses	6,242	(2,136)	(4,781)	14	(5,277)	(399)	(469)
Accounts payable	(7,890)	438	9,249	2,923	12,201	120	374
Closure, post-closure and remedial liabilities	(5,873)	(8,110)	(10,305)	(7,973)	(3,505)	(115)	(38)
Deferred revenue	(2,639)	846	(1,086)	(2,121)	8,693	1,496	154
Accrued disposal costs	90	873	910	(72)	(5,060)	1,285	748
Income taxes payable	(1,204)	3,485	(734)	685	1,214	288	80
Other, net	(2,222)	3,892	14,763	(5,571)	(4,462)	2,940	77
Net cash provided by operating activities	$ 8,154	$ 24,956	$ 52,460	$ 38,857	$ 5,649	$ 24,632	$ 13,569

(*) See footnote (1) above describing the restatement of our financial statements for the years ended December 31, 2003, 2002, 2001 and 2000.

(9) Long-term obligations (including current portion) include borrowings under our current and former revolving credit facilities.

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

You should read the following discussion and analysis of our financial condition and results of operations together with "Selected Historical Consolidated Financial Data" and our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of this prospectus. Our actual results may differ materially from those contained in any forward-looking statements. See the section entitled "Disclosure Regarding Forward-Looking Statements" in this prospectus.

Overview

We provide a wide range of environmental services and solutions to a diversified customer base in the United States, Puerto Rico, Mexico and Canada. We seek to be recognized by customers as the premier supplier of a broad range of value-added environmental services based upon quality, responsiveness, customer service, information technologies, breadth of product offerings and cost effectiveness.

Effective September 7, 2002, we purchased from Safety-Kleen Services, Inc. and certain of its domestic subsidiaries substantially all of the assets of the Chemical Services Division (the "CSD") of Safety-Kleen Corp. That acquisition broadened our disposal capabilities, geographic reach and significantly expanded our network of hazardous waste disposal facilities. Following the acquisition, we became one of the largest providers of environmental services and the largest operator of hazardous waste treatment and disposal facilities in North America. We believe that the acquisition of hazardous waste facilities in new geographic areas has allowed and will continue to allow us to expand our service area and has resulted and will continue to result in significant cost savings by allowing us to treat and dispose of hazardous waste internally for which we previously paid third parties and to eliminate redundant selling, general and administrative expenses and inefficient transportation costs.

In addition, as part of the acquisition, we assumed certain environmental liabilities valued in accordance with generally accepted accounting principles in the United States and a plan to settle obligations that was established at the time of the acquisition (and adjusted to reflect information gathered under the plan through the first anniversary of the acquisition relating to the nature and extent of environmental liabilities that existed as of the acquisition date) of approximately $184.5 million. We now anticipate such liabilities will be payable over many years and that cash flows generated from operations will be sufficient to fund the payment of such liabilities when required. However, events not now anticipated (such as future changes in environmental laws and regulations) could require that such payments be made earlier or in greater amounts than now anticipated.

Acquisition

Effective September 7, 2002, we purchased from Safety-Kleen Services, Inc. (the "Seller") and certain of the Seller's domestic subsidiaries substantially all of the assets of the Chemical Services Division (the "CSD") of Safety-Kleen Corp. ("Safety-Kleen"). The CSD acquisition is included in our results of operations since the acquisition date. The sale included the operating assets of certain of the Seller's subsidiaries in the United States and the stock of five of the Seller's subsidiaries in Canada.

The assets of the CSD (including the assets of the CSD Canadian Subsidiaries) which we acquired consist primarily of 44 hazardous waste treatment and disposal facilities including, among others, 22 transportation, storage or disposal facilities (six of which have since been closed by us), six wastewater treatment facilities (one of which has since been closed by us), nine commercial landfills and four incineration facilities. Such facilities are located in 30 states, Puerto Rico, six Canadian provinces and Mexico. The most significant of such facilities include landfills in Buttonwillow, California with approximately 10.0 million cubic yards of remaining capacity, in Lambton, Ontario with approximately 8.9 million cubic yards of remaining capacity, which is the largest of the total of three hazardous waste landfills in Canada, and in Waynoka, Oklahoma with approximately 1.5 million cubic yards of remaining capacity; and incinerators in Deer Park, Texas which is the largest hazardous waste incineration facility in the United States, and in Aragonite, Utah. Additional significant facilities are the incinerators in Mercier, Quebec and Lambton, Ontario.

The primary reasons for the acquisition of the CSD assets were to broaden our disposal capabilities and geographic reach, particularly in the West Coast and Southwest regions of the United States, in Canada and in Mexico, and to significantly expand our network of hazardous waste disposal facilities. In addition, we believed that the acquisition of the CSD's hazardous waste facilities in new geographic areas would allow us to expand our site and industrial services which in turn could increase the utilization and profitability of the facilities. Finally, we believed that the acquisition would result in significant cost savings by allowing us to treat hazardous waste internally, for which we previously paid third parties to dispose of hazardous waste because we lacked the facilities required to dispose of the waste internally.

In accordance with the Acquisition Agreement between the Seller and us dated February 22, 2002, as amended through September 6, 2002, we purchased the assets of the CSD for $26.6 million in net cash, and incurred direct costs related to the transaction of $9.7 million for a total purchase price of $36.3 million. In addition, we assumed with the transaction certain environmental liabilities valued at $184.5 million.

We have allocated the total purchase price for the CSD assets based upon the estimated fair value of each asset acquired and each liability assumed. The following table shows the final allocation of the purchase price and direct costs incurred among the assets acquired, liabilities assumed, and liabilities accrued relating to the CSD assets acquired (in thousands):

		Acquired Assets and Liabilities as Revised December 31, 2003
Current assets	$	101,604
Property, plant and equipment		100,804
Intangible assets		72,659
Deferred taxes		5,670
Other assets		1,888
Current closure, post-closure and remedial liabilities		(9,076)
Other current liabilities		(54,749)
Closure, post-closure and remedial liabilities, long-term		(175,473)
Other long-term liabilities		(7,000)
Cost of CSD assets acquired	$	36,327
Cash purchase price	$	26,580
Estimated transaction costs		9,747
Cost of CSD assets acquired	$	36,327

We had the fixed and intangible assets appraised in order to determine the fair values of the property, plant, equipment and intangible assets, which were acquired as part of the assets of the CSD. Intangible assets recorded at $72.6 million consist of $68.2 million of permits and $4.4 million of customer profile databases. The valuation for intangible assets was based on discounted cash flows from operations of the acquired facilities to which those permits and customer profile databases relate. We concluded that the intangible assets acquired have finite lives and will amortize these assets over their estimated useful lives. As the fair value of the assets acquired from the CSD is higher than the purchase price paid, we reduced the recorded value of the fixed assets and intangible assets as of the acquisition date by $302.5 million in order to record the assets at cost as required by generally accepted accounting principles in the United States after adjusting for changes in estimates. We allocated $12.7 million of the purchase price to properties held for sale as discussed in Note 6 to our audited consolidated financial statements for the three years ended December 31, 2004 included elsewhere in this prospectus.

In connection with the acquisition of the CSD assets, we recorded integration liabilities of $11.9 million (after giving effect to subsequent net changes in estimates) which consisted primarily of lease costs, severance, environmental closure and other exit costs to close duplicative facilities and functions. Groups of employees severed and to be severed consist primarily of duplicative selling, general and administrative personnel and personnel at offices which were closed. The following table summarizes the purchase accounting liabilities recorded in connection with the acquisition of the CSD assets (dollars in thousands):

	Severance		**Facilities**			
	Number of Employees	**Liability**	**Number of Facilities**	**Liability**	**Other Liability**	**Total Liability**
Original reserve established	461	$ 9,076	12	$ 3,604	$ 528	$ 13,208
Net change in estimate				(59)	(206)	(265)
Utilized through December 31, 2002	(238)	(4,300)	(2)	(15)	(92)	(4,407)
Balance December 31, 2002	223	4,776	10	3,530	230	8,536
Net change in estimate	93	(228)	(1)	(205)	77	(356)
Interest accretion				416		416
Utilized year ended December 31, 2003	(264)	(3,872)		(810)	(307)	(4,989)
Balance December 31, 2003	52	676	9	2,931		3,607
Net change in estimate	(41)	(246)		(423)		(669)
Interest accretion				221		221
Utilized year ended December 31, 2004	(6)	(402)	(1)	(1,021)		(1,423)
Balance December 31, 2004	5	$ 28	8	$ 1,708	$	$ 1,736

The balance of purchase accounting liabilities at December 31, 2004 of $1.7 million consists almost entirely of long-term closure, post-closure and remedial liabilities.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent liabilities. The following are the areas that we believe require the greatest amount of judgments or estimates in the preparation of the financial statements: revenue allowance, deferred revenue, allowance for doubtful accounts, accounting for landfills, testing long-lived assets and goodwill for impairment, environmental liabilities, insurance expense, legal matters, and provision for income taxes. Credits issued in subsequent periods can differ materially from the revenue allowance provided. Our management discusses each of these critical accounting estimates with the Audit Committee of our Board of Directors prior to each release of our annual financial statements.

Revenue Allowance. We respond to emergencies that pose an immediate threat to public health or the environment and must take action in the field as events unfold. Historically, once the emergency is contained, customers may withhold payment and attempt to renegotiate amounts invoiced. Accordingly, we establish a revenue allowance to cover the estimated amounts of revenue that may need to be credited to customers' accounts in future periods. The allowance is established based on experience and, when available, based on specific information relating to jobs performed.

Deferred Revenue. In accordance with customary practice in the environmental services industry, we normally submit a bill for services shortly after waste is collected from a customer location and prior to completion of the waste disposal process. We recognize revenue for waste disposal services only when the waste is placed into a landfill, incinerated, treated in a wastewater treatment facility or shipped to a third party for disposal. The amount of deferred revenue stated on our balance sheet as of September 30, 2005 was $19.5 million. Because a large quantity of waste is on hand and in transit at the end of any month, waste from various sources is mixed subsequent to receipt, waste is received in various size containers, and the amount of waste per container can vary significantly, the calculation of deferred revenue requires the use of significant estimates such as of the average revenue charged for a type of waste and of the average waste volume contained within various size containers.

Allowance for Doubtful Accounts. We establish an allowance for doubtful accounts to cover accounts receivable that may not be collectible. In establishing the allowance for doubtful accounts, we analyze the collectibility of accounts that are large or past due. In addition, we consider historical bad debts and current economic trends in evaluating the allowance for doubtful accounts. Accounts receivable written off in subsequent periods can differ materially from the allowance for doubtful accounts provided.

Accounting for Landfills. We utilize the life cycle method of accounting for landfill costs and the units of consumption method to amortize landfill construction and asset retirement costs and record closure and post-closure obligations over the estimated remaining useful life of a landfill. Under this method, we include future estimated construction and asset retirement costs, as well as costs incurred to date, in the amortization base. Additionally, we include probable expansion airspace that has yet to be permitted costs in the calculation of the total remaining useful life of the landfill. This accounting method requires us to make estimates and assumptions, as described below. Any changes in our estimates will impact our income from operations prospectively from the date the changes are made.

Landfill Assets We assess the total cost to develop each landfill site to its capacity based on highly probable airspace. This includes certain projected landfill costs that are uncertain because they are dependent on future events. The total cost to develop a site to its final capacity includes amounts previously expended and capitalized, net of accumulated airspace amortization, and projections of future purchase and development costs and construction costs.

Closure and Post-Closure Costs The costs for closure and post-closure obligations at landfills we own or operate are estimated based on our interpretations of current requirements and proposed or anticipated regulatory changes. The estimates for landfill cell closure, final closure and post-closure costs also consider when the costs would actually be paid and factor in inflation and discount rates. The possibility of changing legal and regulatory requirements and the forward-looking nature of these types of costs make any estimation or assumption uncertain.

Available Airspace Our engineers and accountants determine the useful life of our landfills by estimating the available airspace. This is done by using surveys and other methods to calculate, based on height restrictions and other factors, how much airspace is left to fill and how much waste can be disposed of at a landfill before it has reached its final capacity.

Expansion Airspace We apply a comprehensive set of criteria for evaluating the probability of obtaining a permit for future expansion airspace at existing sites, which provides management a sufficient basis to evaluate the likelihood of success of unpermitted expansions. These criteria are as follows:

Personnel are actively working to obtain the permit or permit modifications (land use, state and federal) necessary for expansion of an existing landfill, and progress is being made on the project.

We expect to submit the application within the next year and expect to receive all necessary approvals to accept waste within the next five years.

At the time the expansion is included in our estimate of the landfill's useful economic life, it is probable that the required approvals will be received within the normal application and processing time periods for approvals in the jurisdiction in which the landfill is located.

The owner of the landfill or we have a legal right to use or obtain land associated with the expansion plan.

There are no significant known political, technical, legal, or business restrictions or issues that could impair the success of such expansion.

A financial feasibility analysis has been completed and the results demonstrate that the expansion has a positive financial and operational impact such that management is committed to pursuing the expansion.

Additional airspace and related additional costs, including permitting, final closure and post-closure costs, have been estimated based on the conceptual design of the proposed expansion.

These criteria are initially evaluated by our field-based engineers, accountants, managers and others to identify potential obstacles to obtaining the permits. However, our policy provides that, based on the facts and circumstances of a specific landfill, inclusion of unpermitted airspace may still be allowed even if these criteria are not met. In these circumstances, inclusion must be approved through a landfill-specific process that includes approval of our Chief Financial Officer and a review by the Audit Committee of our Board of Directors. When we include the expansion airspace in our calculations of available airspace, we also include the projected costs for final capping, and closure and post-closure of the expansion in the amortization basis of the landfill.

It is possible that any of our estimates or assumptions could ultimately turn out to be significantly different from actual results. In some cases we may be unsuccessful in obtaining an expansion permit or we may determine that an expansion permit that we previously thought was probable has become unlikely. To the extent that such estimates, or the assumptions used to make those estimates, prove to be significantly different than actual results or our belief that we will receive an expansion permit changes adversely in a significant manner, the costs of the landfill, including the costs incurred in the pursuit of the expansion, may be subject to impairment testing, as described below, and lower prospective profitability may be experienced due to increased interest accretion and depreciation or asset impairments related to the removal of previously included expansion airspace.

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.

Goodwill. Beginning in 2002, we adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," under which goodwill is no longer amortized but instead is assessed for impairment at least annually and as triggering events occur. In making this assessment, management relies on a number of factors including operating results, business plans, economic projections, anticipated future cash flows, and transactions and market place data. There are inherent uncertainties related to these factors and management's judgment in applying them to the analysis of goodwill impairment.

Environmental Liabilities. As more fully discussed under "Business Environmental Regulation" elsewhere in this prospectus, our waste management facilities are continuously regulated by federal, state, provincial and local laws enacted to regulate discharge of materials into the environment or otherwise protect the environment. In addition, in connection with our acquisition of the assets of the CSD in September 2002, we agreed to assume certain environmental liabilities of the CSD as part of the purchase price for the CSD assets. As of September 30, 2005, we had recorded discounted remedial liabilities of $148.9 million. We also estimate that it is "reasonably possible" as that term is defined in SFAS No. 5 ("more than remote but less than likely"), that the amount of such remedial liabilities could be up to $22.0 million greater than such $148.9 million.

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 contaminates 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. Changes in estimates for remedial liabilities are recorded through selling, general and administrative expenses. Such estimates, which are subject to change, are subsequently revised if and when additional information becomes available.

In addition, we must estimate the timing of payments for environmental liabilities years into the future. Because most of our environmental liabilities are discounted to reflect the respective dates on which we expect to make environmental expenditures, significant acceleration in the timing of payments could result in material charges to earnings. Net reductions in our estimates of environmental liabilities resulted in increases to our reported results of operations of $3.3 million, $0.3 million, $9.0 million and $1.4 million, for the years ended December 31, 2004, and 2003, and the nine months ended September 30, 2005 and 2004, respectively.

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 information that is known at the time. 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. As described under "Selected Historical Consolidated Financial Data," we restated our financial statements for the years ended December 31, 2003 and 2002, and financial information for the years ended December 31, 2001, 2000 and 1999, in order to correct errors relating to the methodology we had established for estimating our workers' compensation and motor vehicle liability claims. The effect of the restatement was to increase cost of revenues by $0.3 million for each of the years ended December 31, 2003 and 2002.

Legal Matters. As described in "Legal Proceedings" elsewhere in this prospectus, we are subject to legal proceedings which relate to the acquisition of the CSD assets or 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. As of September 30, 2005, we had reserves of $34.6 million (substantially all of which we had established as part of the purchase price for the CSD assets) relating to our potential liabilities in connection with such legal proceedings which were then pending or anticipated. We also estimate that it is "reasonably possible" as that term is defined in SFAS No. 5 (more than remote but less than likely), that the amount of such total liabilities could be up to $3.0 million greater than such $34.6 million. Because all of our reasonably possible additional losses relating to legal proceedings liabilities relate to remedial liabilities, the reasonably possible additional losses for legal liabilities are reflected in the tables of reasonably possible additional losses under the heading "Environmental Liabilities" below. Estimates of the cost to settle disputes are adjusted as facts emerge. Actual expenses incurred in future periods can differ materially from accruals established. Substantially all of our legal proceedings liabilities are environmental liabilities and, as such, are included in the tables of changes to remedial liabilities disclosed as part of this Management's Discussion and Analysis of Financial Condition and Results of Operations below.

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 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 attempt to make realistic estimates in providing allowances for assets and recording liabilities. Because estimates are made in good faith, our experience has been that overestimates in one area are often offset by underestimates in other areas. We believe that in the future it is probable that an unexpected event (such as the sudden bankruptcy of a significant customer or supplier that was previously believed to be a large and stable company) could materially affect our results of operations of a future period; however, due to our risk management programs, we believe that such an event would not be material to our financial condition.

Results of Operations

Our operations are managed as two segments: Technical Services and Site Services.

Technical Services include treatment and disposal of industrial wastes via incineration, landfill or wastewater treatment; collection and transporting of all containerized and bulk waste; categorization, specialized repackaging, treatment and disposal of laboratory chemicals and household hazardous wastes, which are referred to as CleanPack® services; and the Apollo Onsite Services, which customize environmental programs at customer sites. This is accomplished through a network of service centers where a fleet of trucks, rail or other transport is dispatched to pick up customers' waste either on a pre-determined schedule or on demand, and then to deliver waste to a permitted facility. From the service centers, chemists can also be dispatched to a customer location for the collection of chemical waste for disposal.

Site Services provide highly skilled experts utilizing specialty equipment and resources to perform services, such as industrial maintenance, surface remediation, groundwater restoration, site and facility decontamination, emergency response, site remediation, PCB disposal and oil disposal at the customer's site or another location. These services are dispatched on a scheduled or emergency basis. We also offer outsourcing services for customer environmental management programs and provide analytical testing services, information management and personnel training services.

The operations not managed through our two operating segments are presented herein as "Corporate Items." Corporate item revenues consist of two different operations where the revenues are insignificant and represents approximately one-tenth of one percent of our total revenues. Corporate item cost of revenues represents certain central services that are not allocated to the segments for internal reporting purposes. Corporate item selling, general and administrative expenses include typical corporate items such as legal, accounting and other items of a general corporate nature that are not allocated to our two segments.

The following table sets forth for the periods indicated certain operating data associated with our results of operations. This table and subsequent discussions should be read in conjunction with "Selected Historical Consolidated Financial Data" and our financial statements included elsewhere in this prospectus.

	Nine Months Ended September 30,		Year Ended December 31,				
	2005	2004	2004	(Restated) 2003	(Restated) 2002	(Restated) 2001	(Restated) 2000
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues:							
Disposal costs to third parties	4.3	3.8	4.0	4.8	7.0	9.2	10.9
Other cost of revenues	68.0	69.0	68.3	69.4	65.1	61.7	60.1
Total cost of revenues	72.3	72.8	72.3	74.2	72.1	70.9	71.0
Selling, general and administrative expenses	14.9	16.6	16.2	17.8	17.7	17.4	17.8
Accretion of environmental liabilities	1.5	1.7	1.6	1.8	0.3		
Depreciation and amortization	4.2	3.7	3.8	4.3	4.4	4.4	4.6
Restructuring					0.2		
Other acquisition costs					1.5		
Income from operations	7.1	5.2	6.1	1.9	3.8	7.3	6.6
Other income (expense)	0.1	(0.3)	(0.2)				
(Loss) on refinancings		(1.5)	(1.1)		(7.0)		
Interest expense, net	(3.4)	(3.4)	(3.5)	(3.9)	(3.8)	(4.2)	(4.2)
Income (loss) before provision for income taxes and cumulative effect of change in accounting principle	3.8	0.0	1.3	(2.0)	(7.0)	3.1	2.4
Provision for (benefit from) income taxes	0.4	1.0	0.9	0.9	1.1	1.0	(0.9)
Income (loss) before cumulative effect of change in accounting principle	3.4	(1.0)	0.4	(2.9)	(8.1)	2.1	3.3
Cumulative effect of change in accounting principle							
Net income (loss)	3.4%	(1.0)%	0.4%	(2.9)%	(8.1)%	2.1%	3.3%

Segment data

Performance of our segments is evaluated on several factors of which the primary financial measure is Adjusted EBITDA. The following table sets forth certain operating data associated with our results of operations and summarizes Adjusted EBITDA contribution by operating segment for the nine months ended September 30, 2005 and 2004 and each of the three years ended December 31, 2004. See footnote (8) to the "Selected Historical Consolidated Financial Data" elsewhere in this prospectus for a description of the calculation of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income (loss) and net cash provided by operating activities. We consider the Adjusted EBITDA contribution from each operating segment to include revenue attributable to each segment less operating expenses, which include cost of revenues and selling, general and administrative expenses. Revenue attributable to each segment is generally external or direct revenue from third party customers. Certain income or expenses of a non-recurring or unusual nature are not included in the operating segment Adjusted EBITDA contribution. This table and subsequent discussions should be read in conjunction with "Selected Historical Consolidated Financial Data" and the financial statements included elsewhere in this prospectus, in particular Note 23, "Segment Reporting" to our audited financial statements for the three years ended December 31, 2004 and Note 16, "Segment Reporting" to our unaudited financial statements for the nine months ended September 30, 2005.

	Nine Months Ended September 30,		Years ended December 31,		
	2005	2004	2004	(Restated) 2003(1)	(Restated) 2002(1)
			(in thousands)		
Revenue:					
Technical Services	$ 361,797	$ 349,824	$ 444,617	$ 422,777	$ 220,085
Site Services	154,096	116,795	198,609	187,742	128,873
Corporate Items	1,563	419	(7)	450	1,175
Total	517,456	467,038	643,219	610,969	350,133
Cost of Revenues:					
Technical Services	252,850	243,950	297,926	290,882	144,730
Site Services	117,502	90,939	159,042	148,196	101,773
Corporate Items	3,638	5,248	7,870	14,383	5,966
Total	373,990	340,137	464,838	453,461	252,469
Selling, General & Administrative Expenses:					
Technical Services	37,289	34,973	48,748	48,585	26,627
Site Services	16,160	12,954	18,449	16,999	11,734
Corporate Items	23,684	28,096	36,440	41,472	23,157
Total	77,133	76,023	103,637	107,056	61,518
Adjusted EBITDA:					
Technical Services	71,658	70,901	97,943	83,310	48,728
Site Services	20,434	12,902	21,118	22,547	15,366
Corporate Items	(25,759)	(32,925)	(44,317)	(55,113)	(27,924)
Total(2)	$ 66,333	$ 50,878	$ 74,744	$ 50,744	$ 36,170

(1) Certain reclassifications have been made to conform to the current period presentation.

(2) See footnote (8) to the "Selected Historical Consolidated Financial Data" for a discussion of Adjusted EBITDA.

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Nine months ended September 30, 2005 versus the nine months ended September 30, 2004

Revenues

Total revenues for the nine months ended September 30, 2005 increased $50.4 million to $517.4 million from $467.0 million for the comparable period in 2004. Technical Services revenues for the nine months ended September 30, 2005 increased $12.0 million to $361.8 million from $349.8 million for the comparable period in 2004. The primary increases in Technical Services revenues consisted of an increase in pricing of waste processed through our facilities of $16.8 million and $5.9 million due to the strengthening in the Canadian dollar. Direct revenue increased $9.2 million due to our strong ongoing and base business. Outside revenue from new and existing customers increased $13.1 million. Our recycle and reclaim business remains strong, a few large projects happened that did not occur last year and we also experienced a very strong household hazardous waste season. Impacts to direct revenue include increased disposal costs of $3.4 million and increased transportation costs of $1.4 million offset by increased equipment rental and labor revenue of $0.9 million. Partially offsetting these increases was a decrease in revenues of $18.0 million due to a decrease in the volume of waste processed through our facilities. The favorable pricing and the unfavorable volume of waste processed through our facilities were both due to lower levels of project revenues that tend to have lower gross margins for the nine months ended September 30, 2005 as compared to the same period of the prior year. Site Services revenues for the nine months ended September 30, 2005 increased $37.3 million to $154.1 million from $116.8 million for the comparable period in 2004. Site Services has performed several large emergency response jobs during the nine months ended September 30, 2005, which accounted for $19.1 million or 12.4% of its revenues for that period. There were no comparable jobs performed in the nine months ended September 30, 2004. Excluding these emergency response jobs, revenue increased $18.2 million, or 15.6%, for the nine months ended September 30, 2005 compared to the nine months ended September 30, 2004 as a result of several large remedial projects, growth initiatives in Canada and the Western United States and an improving economy. Corporate Items revenues increased $1.2 million for the nine months ended September 30, 2005 to $1.6 million from $0.4 million for the comparable period in 2004. Corporate Items revenues in 2004 included $0.9 million of intercompany costs offsetting revenue related to discontinued operations.

Cost of Revenues

Total cost of revenues for the nine months ended September 30, 2005 increased $33.9 million to $374.0 million compared to $340.1 million for the comparable period in 2004. Technical Services cost of revenue increased $8.9 million to $252.9 million from $244.0 million for the comparable period in 2004. Cost of revenues for Technical Services increased $3.6 million due to an unfavorable foreign exchange fluctuation. Costs also increased by $2.6 million in employee labor costs, $2.3 million in materials and supplies costs, and $1.5 million in increased fuel, utility and other processing costs. These increases were partially offset by reduced outside transportation costs of approximately $1.3 million. Site Services cost of revenue increased $26.6 million to $117.5 million from $90.9 million for the comparable period in 2004. The increase in cost of revenues for Site Services was attributable to several major emergency responses in comparison to the same period which accounted for $11.9 million. Direct labor and related costs increased $4.7 million in 2005 due to increased headcount and support of major emergency response projects. Material and supplies costs increased $3.8 million in 2005 versus for the comparable period in 2004. Outside disposal costs increased $2.7 million due to several large disposal projects in 2005, offset by a reduction in outside transportation of $1.2 million in 2005 versus 2004. Fuel and subcontractor costs each increased $1.0 million in 2005 compared to 2004. Corporate Items cost of revenues decreased $1.6 million to $3.6 million in 2005 from $5.2 million for the comparable period in 2004. This decrease was related to a $1.6 million change in estimate for financial assurance in 2005, offset by a disposal credit of $0.8 million received in 2004. As a percentage of revenues, combined cost of revenues in 2005 decreased 0.5% to 72.3% from 72.8% for the comparable period in 2004. This improvement resulted primarily from our internalization of transportation initiatives, offset by increased outside disposal costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the nine months ended September 30, 2005 increased $1.1 million to $77.1 million from $76.0 million for the comparable period in 2004. Technical Services selling, general and administrative costs increased $2.3 million to $37.3 million from $35.0 million for the comparable period in 2004 primarily due to a $0.7 million increase in temporary labor expenses and a $0.4 million increase in salary and employee benefit costs. Site Services selling, general and administrative expenses for the nine months ended September 30, 2005 increased $3.2 million to $16.2 million from $13.0 million for the comparable period in 2004. The increases were related to increased headcount in new locations, increased incentive compensation due to emergency response projects, and increased sales related expenses. Corporate Items selling, general and administrative expenses for the nine months ended September 30, 2005 decreased $4.4 million to $23.7 million from $28.1 million for the comparable period in 2004 due to changes in estimates of environmental liabilities of $4.8 million, an insurance settlement of $1.6 million, and reduced telephone expenses of $0.8 million during the nine months ended September 30, 2005. Increased consulting fees of $1.1 million and increased headcount and related costs of $0.6 million offset these decreases in 2005.

Adjusted EBITDA Contribution

The combined Adjusted EBITDA contribution by segments for the nine months ended September 30, 2005 increased $15.4 million to $66.3 million from $50.9 million for the comparable period in 2004. The contribution of Technical Services increased $0.8 million. Site Services contribution improved $7.5 million and Corporate Items cost increased $7.1 million. The combined Adjusted EBITDA contribution is comprised of revenues of $517.4 million and $467.0 million, net of cost of revenues of $374.0 million and $340.1 million and selling, general and administrative expenses of $77.1 million and $76.0 million for the nine-month periods ended September 30, 2005 and 2004, respectively.

Accretion of Environmental Liabilities

Accretion of environmental liabilities for the nine-month periods ended September 30, 2005 and 2004 was similar at $7.9 million and $7.8 million, respectively.

Depreciation and Amortization

Depreciation and amortization expense for the nine months ended September 30, 2005 increased $4.0 million to $21.5 million from $17.5 million for the comparable period in 2004. This increase consisted of a $0.8 million increase due to placing into service in 2004 improvements at our Deer Park incineration facility in order to comply with the Interim Standards of the Hazardous Waste Combustor Maximum Achievable Control Technology (the "HWC MACT") rule, a $1.1 million increase related to changes in estimates in landfill lives, changes in estimates in useful lives of certain assets and cell construction at our landfill sites, and a $2.1 million increase due to asset additions through September 2005.

Other Income (Expense)

For the nine-months ended September 30, 2005, other income consisted primarily of a $0.4 million gain relating to the settlement of an insurance claim.

As described below under "Redemption of Series C Preferred Stock," we issued Series C Preferred Stock for $25.0 million in September 2002. The Series C Preferred Stock was recorded on our financial statements as though it consisted of two components, namely (i) non-convertible redeemable preferred stock with a 6.0% annual dividend, and (ii) an embedded derivative (the "Embedded Derivative") which reflected the right of the holders of the Series C Preferred Stock to convert the Series C Preferred Stock into our common stock. On June 30, 2004, we redeemed the Series C Preferred Stock and settled the Embedded Derivative liability. Just prior to the settlement, we valued the Embedded Derivative using the Black-Scholes option-pricing model. The Black-Scholes model determines the value of an option primarily by considering the strike price of the option, the market value of the stock and the volatility of the stock price. The strike price of the Embedded Derivative was $8.00. For the nine month period ended September 30, 2004, we recorded other expense related to the Embedded Derivative of $1.6 million primarily because of the market price increase of our common stock that occurred during that period. Partially offsetting the expense on the Embedded Derivative during the nine months ended September 30, 2004 was a net gain on the disposal of fixed assets of $0.4 million.

Loss on Refinancing

As further discussed below under "The 2004 Refinancing" and "Redemption of Series C Preferred Stock," we previously had outstanding a $100.0 million three-year revolving credit facility (the "Revolving Credit Facility"), $115.0 million of three-year non-amortizing term loans (the "Senior Loans"), $40.0 million of five-year non-amortizing subordinated loans (the "Subordinated Loans"), Series C Convertible Preferred Stock, $0.01 par value (the "Series C Preferred Stock") and the related embedded derivative which reflected the right of the holders of the Series C Preferred Stock to convert into our common stock on the terms set forth in the Series C Preferred Stock. On June 30, 2004, we repaid the Revolving Credit Facility, the Senior Loans and the Subordinated Loans, redeemed the Series C Convertible Preferred Stock and settled the related Embedded Derivative liability. We recorded a loss on refinancing of $7.1 million during the three-month period ended June 30, 2004. Such loss consisted of the write-off of deferred financing costs of $5.3 million, prepayment penalties of $3.1 million and other expenses of $0.3 million. These expenses were partially offset by the gain on the settlement of the Embedded Derivative of $1.6 million.

Interest (Expense), Net

Interest expense, net of interest income, for the nine months ended September 30, 2005 increased $1.4 million to $17.8 million from $16.4 million for the comparable period in 2004. The increase was primarily due to $1.6 million of interest that was capitalized, effectively reducing net interest expense in 2004, relating to a capital project to comply with air emission standards at our Deer Park incineration facility.

As described under "Use of Proceeds" and "Description of Certain Indebtedness" elsewhere in this prospectus, we amended and restated during the fourth quarter of 2005 our existing revolving credit and synthetic letter of credit facilities and we plan, during the first quarter of 2006, to redeem $52.5 million principal amount of our outstanding $11^1/_4$% senior secured notes due 2012 and pay prepayment penalties and accrued interest of approximately $8.8 million in connection with such redemption. After giving effect to such amendment and restatement of our credit facilitites and such proposed redemption of notes, we estimate that our aggregate interest expense for 2006 will be approximately $14.1 million.

Income Taxes

Income tax expense for the nine months ended September 30, 2005 decreased $2.8 million to $1.9 million from $4.7 million for the comparable period in 2004. Income tax expense for the nine months ended September 30, 2005 consisted primarily of Canadian taxes of $1.1 million, federal alternative minimum tax of $0.3 million, and state income tax expense of approximately $0.5 million. Income tax expense for the nine months ended September 30, 2004 consisted primarily of Canadian taxes of $4.5 million, state income tax expense of approximately $0.3 million, partially offset by a federal tax benefit of $0.1 million related to the 2000 alternative minimum tax carryback refund. The decrease in Canadian tax expense was the result of a decrease in net income, which is primarily attributable to increased interest expense. We had approximately $45.2 million of net operating loss carryforwards at December 31, 2004. We do not expect any significant changes to the 2005 year-end net operating loss carryforward, primarily due to book income being offset by tax deductions for non-qualified stock options and other timing differences.

SFAS 109, "Accounting for Income Taxes," requires that a valuation allowance be established when, based on an evaluation of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Accordingly, at September 30, 2005 and December 31, 2004, we continued to maintain a full valuation allowance against our net U.S. deferred tax assets. The actual realization of the net operating loss carryforwards and other tax assets depend on having future taxable income of the appropriate character prior to their expiration. We will continue to re-evaluate the need for this valuation allowance in light of all available evidence including projections of future operating results.

Net Income (loss)

Net income for the nine month period ended September 30, 2005 was $17.7 million and included a non cash benefit of $9.0 million related to a change in our estimated environmental liabilities and an insurance settlement gain of $2.1 million. Net loss for the nine month period ended September 30, 2004 of $4.9 million included an $8.3 million charge relating to the refinancing of our debt as well as a charge related to an Embedded Derivative of $1.6 million offset by a $1.4 million benefit related to a change in our environmental liabilities.

Redemption of Series C Redeemable Preferred Stock and Dividends and Accretion on Preferred Stock

As more fully described below under "Redemption of Series C Preferred Stock," we redeemed 25,000 shares of Series C Preferred Stock on June 30, 2004. For the nine month period ended September 30, 2005, redemption of Series C Redeemable Preferred Stock and dividends and accretion on preferred stocks consisted of dividends on our Series B Convertible Preferred Stock of $0.2 million. For the nine month period ended September 30, 2004, redemption of Series C Redeemable Preferred Stock and dividends and accretion on preferred stocks consisted of the following: redemption of the Series C Redeemable Preferred Stock of $9.9 million, dividends on preferred stocks of $1.1 million, and amortization of preferred stock discount and issuance cost of $0.7 million.

Year ended December 31, 2004 versus Year ended December 31, 2003

Revenues

Total revenues for 2004 increased $32.2 million or 5.3% to $643.2 million for 2004 from $611.0 million for 2003. Technical Services revenues for 2004 increased $21.8 million or 5.2% to $444.6 million for 2004 from $422.8 million for 2003. Waste volume variances added $36.4 million in revenue comparing from 2003 to 2004. Of this amount, $31.0 million is attributed to Technical Services customers and $5.4 million relates to Site Services customers. 2004 pricing variance decreased $24.2 million from 2003 to 2004. $20.7 million relates to Technical Services accounts and $3.6 million relates to Site Services accounts. Additionally, the increases in Technical Services revenues resulted from improved CleanPack volumes of $3.4 million and increased transportation revenues of $3.4 million. Site Services revenues for 2004 increased $10.9 million or 5.8% to $198.6 million for 2004 from $187.7 million for 2003. We performed a large emergency response job in the year ended December 31, 2003, which accounted for 11.0% of Site Services revenues for that period. In the year ended December 31, 2004, several large emergency response jobs accounted for 5.5% of revenue.

Excluding these large jobs, revenue increased $20.6 million, or 12.4%, for the year ended December 31, 2004 compared to the year ended December 31, 2003 as a result of growth initiatives in Gulf and Western United States, increased volumes of large industrial services projects, significant improvements in oil and PCB recycling divisions related to commodity sales and an improving economy. Changes in foreign exchange rates positively impacted consolidated sales by approximately $5.9 million.

There are many factors which have impacted, and continue to impact, our revenues. These factors include: economic conditions; integration of operations of the former CSD; competitive industry pricing; continued efforts by generators of hazardous waste to reduce the amount of hazardous waste they produce; significant consolidation among treatment and disposal companies; industry-wide overcapacity; and direct shipment by generators of waste to the ultimate treatment or disposal location. We believe that inflation did not have any significant effect on revenues during the three years ended December 31, 2004.

Cost of Revenues

Total cost of revenues for 2004 increased $11.3 million or 2.5% to $464.8 million compared to $453.5 million for 2003. Technical Services costs of revenues increased $7.0 million or 2.4% to $297.9 million from $290.9 million in 2003. Site Services cost of revenue increased $10.8 million or 7.3% to $159.0 million from $148.2 million in 2003. Corporate Items cost of revenues decreased $6.5 million to $7.9 million from $14.4 million in 2003. Technical Services cost of revenue as a percent of revenue decreased 1.8% from 68.8% in 2003 to 67.0% in 2004. Increased costs associated with increased revenues for Technical Services includes processing costs of $3.7 million and subcontracted services of $1.2 million. Other significant cost variances include reduction in equipment rentals of $0.9 million, outside disposal costs reduced by $2.9 million and increase in equipment repairs of $3.0 million. Foreign exchange translation related to cost of revenues totaled $2.7 million. Site Services cost of revenue as a percent of revenue increased 1.2% to 80.1% in 2004 from 78.9% in 2003. This increase was attributable to increased non-event cost of revenue of $4.1 million, startup costs of new Site Services locations and margin erosion due to increased competitive factors. The decrease in cost of revenue for Corporate Items was due to reduced costs at our discontinued waste handling facilities. As a percentage of revenues, combined cost of revenues in 2004 decreased 1.9% to 72.3% from 74.2% in 2003.

We believe that our ability to manage operating costs is important in our ability to remain price competitive. We continue upgrade the quality and efficiency of our waste treatment services through the development of new technology, continued modifications and upgrades at our facilities, and implementation of strategic sourcing initiatives. We plan to continue to focus on achieving cost savings relating to purchased goods and services through the strategic sourcing initiative. No assurance can be given that our efforts to manage future operating expenses will be successful.

Selling, General and Administrative Expenses

Selling, general and administrative expenses in 2004 decreased $3.9 million to $104.5 million from $108.4 million for 2003. Technical Services selling, general and administrative expenses increased $0.1 million to $48.7 million from $48.6 million for 2003. Site Services selling, general and administrative expenses increased by $1.4 million to $18.4 million from $17.0 million in 2003. Increases for Site Services were related to allocations from sales and administrative support. Corporate Items selling, general and administrative expenses for 2004 decreased $5.1 million to $36.4 million from $41.5 million in 2003. The decrease was due to reduced currency exchange expense of $1.8 million, decreases in headcount resulting in savings of $3.9 million, decreased professional fees of $2.9 million, a decrease in the expense for doubtful accounts of $1.3 million due to the fact that 2003 included an increase in the reserve of approximately $1.6 million, a $3.0 million reduction in employee benefits due to lower headcount and benefit plan changes as well as overall improved controls over expenses. These expense reductions were offset by higher bonus accruals (an increase of $7.6 million mainly for sales and management incentive bonuses) and expenses associated with the refinancing of our capital structure in June 2004 as well as $1.4 million in expenses related to Sarbanes-Oxley Section 404 compliance.

Accretion of Environmental Liabilities

Accretion of environmental liabilities for 2004 and 2003 was similar at $10.4 million and $11.1 million, respectively.

Depreciation and Amortization

Depreciation and amortization expense of $24.1 million for 2004 decreased from $26.5 million for 2003 due to changes in estimates in landfill lives and changes in estimates in useful lives of certain assets of $3.5 million, which was offset by an increase in amortization and depreciation due to capital additions. The impact of the changes in estimate on dilutive loss per share for the year ended December 31, 2004 was a decrease in the loss of $0.25 per common share.

Other Income (Expense)

As more fully described below under "Redemption of Series C Preferred Stock," we issued 25,000 shares of Series C Convertible Preferred Stock ("Series C Preferred Stock") for $25.0 million in September 2002. The Series C Preferred Stock was recorded on our financial statements as though it consisted of two components, namely (i) non-convertible redeemable preferred stock with a 6.0% annual dividend (the "Host Contract"), and (ii) an embedded derivative (the "Embedded Derivative") which reflected the right of the holders of the Series C Preferred Stock to convert the Series C Preferred Stock into our common stock. On June 30, 2004, we redeemed the Series C Preferred Stock and settled the Embedded Derivative liability. Just prior to the settlement, we valued the Embedded Derivative using the Black-Scholes option pricing model. The Black-Scholes model determines the value of an option primarily by considering the strike price of the option, the market value of the stock and the volatility of the stock price. The strike price of the Embedded Derivative was $8.00. The settlement of the Embedded Derivative liability on June 30, 2004 will result in no additional other income (expense) being recorded in future periods related to the Embedded Derivative. For the year ended December 31, 2004, we recorded other expense related to the Embedded Derivative of $1.6 million primarily because of the market price increase of our common stock that occurred during the first half of 2004. For the year ended December 31, 2003, we recorded other expense of $0.4 million for the change in the fair value of the Embedded Derivative because the market price decline of our common stock that occurred during 2003, partially offset by the decrease of the strike price on the embedded derivative from $10.50 to $8.00 that occurred because both (i) the Consolidated Adjusted EBITDA for the year ended December 31, 2003 was less than $115 million and (ii) the average trading price for our common stock for the month of December 2003 was less than $27.50. Partially offsetting the expense on the Embedded Derivative during the years ended December 31, 2004 and 2003 were, respectively, a net gain and net loss on the disposal of fixed assets of $0.7 million and $0.3 million.

Loss on Refinancings

As further discussed below under "The 2004 Refinancing," we previously had outstanding a $100.0 million three-year revolving credit facility (the "Revolving Credit Facility"), $115.0 million of three-year non-amortizing term loans (the "Senior Loans"), $40.0 million of five-year non-amortizing subordinated loans (the "Subordinated Loans"), the Series C Preferred Stock, and the related Embedded Derivative which reflected the right of the holders of the Series C Preferred Stock to convert into our common stock on the terms set forth in the Series C Preferred Stock. On June 30, 2004, we repaid the Revolving Credit Facility, the Senior Loans and the Subordinated Loans, redeemed the Series C Preferred Stock, and settled the related Embedded Derivative liability. We recorded losses associated with our debt refinancing of $7.1 million during the period ended June 30, 2004. Such expenses consisted of write-off of deferred financing costs of $5.3 million, prepayment penalties of $3.1 million and other expenses of $0.3 million. These expenses were partially offset by the gain on the settlement of the Embedded Derivative of $1.6 million.

Interest Expense, Net

Interest expense, net of interest income for 2004, decreased $1.4 million to $22.3 million from $23.7 million for 2003. The decrease in interest expense was primarily due to $1.9 million of capitalized interest relating to a capital project to comply with air emission standards at our Deer Park incineration facility, which was partially offset by reduced interest income on our restricted cash balances and a slight increase in interest expense on capital leases for 2004 as compared to 2003.

Income Taxes

Income tax expense in 2004 increased $0.7 million to $6.0 million from $5.3 million for 2003. Income tax expense for 2004 consists primarily of Canadian taxes of $6.1 million including withholding taxes of $1.1 million and a net Federal and state income tax benefits of $74 thousand. Income tax expense for 2003 consisted primarily of current tax expense relating to the Canadian operations of $5.7 million and $0.2 million of current state income tax expense due primarily to the profitable operations of certain of our subsidiaries. The 2003 current tax expense was partially offset by foreign deferred tax benefit of $0.6 million.

The provision for income taxes in relation to income before provision for income taxes and cumulative effect of change in accounting principle was driven primarily by the profitability of our Canadian operations and the losses experienced in our U.S. operations.

On June 30, 2004, we refinanced our then outstanding debt. As a part of the refinancing, one of our Canadian subsidiaries made a $91.7 million (U.S.) investment in the preferred stock of one of our domestic subsidiaries and issued, in partial payment for such investment, a promissory note for $89.4 million (U.S) payable to one of our domestic subsidiaries. The interest rate on such promissory note is 11.0% per annum. The effect of this transaction was to increase interest income of a U.S. subsidiary and to increase interest expense of a foreign subsidiary. For the year ended December 31, 2005, the full year effect of this transaction will be reflected in our statement of operations.

SFAS No. 109, "Accounting for Income Taxes," requires that a valuation allowance be established when, based on an evaluation of verifiable evidence, there is a likelihood that some portion or all of the deferred tax assets will not be realized. We continually review the adequacy of the valuation allowance for deferred taxes. As discussed previously under the heading "Acquisition," Safety-Kleen was unable to provide historical audited statements of operations and cash flows for the CSD, and we have reported net losses from our U.S. operations since the acquisition. Accordingly, as part of the review of the valuation allowance for deferred taxes for the years ended December 31, 2004 and 2003, we determined that we lack sufficient verified historical taxable income to demonstrate that we will be able to utilize the net operating loss ("NOL") carryforwards and other deferred tax assets for the U.S. entities. Accordingly, no tax benefit has been recorded relating to the loss before provision for income taxes and cumulative effect of change in accounting principle for the U.S. entities for the years ended December 31, 2004 and 2003. The actual realization of the net operating loss carryforwards and other deferred tax assets will depend on our having future taxable income of the appropriate character prior to their expiration. Should we demonstrate the ability to generate future taxable income to utilize the NOL carryforwards and other deferred tax assets, a portion, or all of the valuation allowance would be reduced. Up to $35.3 million of this valuation allowance reduction could be recorded as a tax benefit on the statement of operations and up to $4.4 million could reduce the basis of assets acquired from the Sellers. At December 31, 2004, we had regular net operating loss carryforwards of approximately $45.2 million that begin to expire starting in 2012.

Adjusted EBITDA Contribution

The combined Adjusted EBITDA contribution by segments for 2004 increased $24.0 million or 47.3% to $74.7 million from $50.7 million in 2003. The increase from Technical Services was $14.6 million. For Site Services, Adjusted EBITDA decreased $1.4 million and was offset by an increase in Corporate Items of $10.8 million. The combined Adjusted EBITDA contribution was based on total revenues of $643.2 million and $611.0 million, net of cost of revenues of $464.8 million and $453.5 million and selling, general and administrative expenses of $103.6 million and $107.1 million for the years ended December 31, 2004 and 2003, respectively.

Year ended December 31, 2003 versus Year ended December 31, 2002

Revenues

Total revenues for 2003 increased $260.9 million or 74.5% to $611.0 million for 2003 from $350.1 for 2002. Technical Services revenues for 2003 increased $202.7 million or 92.1% to $422.8 million for 2003 from $220.1 million for 2002. The increases in Technical Services revenues were due to the acquisition of the CSD assets from Safety-Kleen effective on September 7, 2002. Site Services revenues for 2003 increased $58.8 million or 45.6% to $187.7 million for 2003 from $128.8 million for 2002. We performed one large Site Services job in the year ended December 31, 2003, which accounted for 11.0% of Site Services revenues for that period. We performed one emergency services job in the year ended December 31, 2002. The job performed in 2002 related to the events of September 11, 2001 and was much lower in revenue compared to the job performed in 2003. Other than the events discussed, the increases in total revenues, Technical Services revenues, and Site Services revenues were due to the acquisition of the CSD from Safety-Kleen.

Our decision to integrate the operations of the former CSD into our business and financial reporting systems, combined with the replacement of the business model of the former CSD with our business model, prevented us from being able to calculate meaningful changes in revenue due to volume, price or mix.

Cost of Revenues

Total cost of revenues for 2003 increased $201.0 million or 79.6% to $453.5 million compared to $252.5 million for 2002. Technical Services costs of revenues increased $146.2 million or 101.0% to $290.9 million from $144.7 million in 2002. Site Services cost of revenue increased $46.4 million or 45.6% to $148.2 million from $101.8 million in 2002. The change in cost of revenues in total and for Technical Services was primarily a result of the CSD acquisition. The cost of Site Service revenues increased because of the CSD acquisition and a large emergency response project in 2003 compared to 2002. As a percentage of revenues, combined cost of revenues in 2003 increased 2.1% to 74.2% from 72.1% for 2002. One of the largest components of cost of revenues is the cost of disposal paid to third parties. Disposal costs paid to third parties in 2003 as a percentage of revenues decreased 2.2% to 4.8% from 7.0% for comparable period in 2002. This decrease in disposal expense was due to our internalizing waste disposal subsequent to the acquisition that we sent to third parties prior to the acquisition. Other cost of revenues as a percentage of revenues increased 4.4% to 69.4% from 65.1% for comparable period in 2002, primarily as a result of reduced facility utilization reflecting the level of waste processed which was due to the general economic environment and the fixed cost nature of the facilities.

Selling, General and Administrative Expenses

Selling, general and administrative expenses in 2003 increased $46.9 million or 76.3% to $108.4 million from $61.5 million for 2002. The increase was primarily due to increased costs associated with our expanded business resulting from the acquisition of the CSD assets in September 2002. The overall increase reflects a full year of combined operations in 2003, instead of only approximately 16 weeks of activity in 2002 which occurred after the acquisition plus costs incurred in 2002 prior to the acquisition in order to have the required infrastructure in place as of the acquisition date. The change in selling, general and administrative expenses by segment was primarily a result of the CSD acquisition. Of the $46.9 million increase, nearly two-thirds, or $29.8 million was for payroll and payroll taxes. Other significant increases were for professional fees of $5.4 million, telephone expenses of $2.3 million, $1.7 million to increase the allowance for doubtful accounts, and $1.6 million for employee benefits.

Accretion of Environmental Liabilities

Accretion of environmental liabilities for 2003 was $11.1 million which was due primarily to the implementation as of January 1, 2003 of SFAS No. 143 and accretion of the discount for the remedial liabilities assumed as part of the CSD assets acquired. Accretion of environmental liabilities for 2002 was $1.2 million and related to the accretion of the discount for the remedial liabilities assumed in the acquisition of the CSD assets.

Depreciation and Amortization

Depreciation and amortization expense for 2003 increased $11.0 million to $26.5 million from $15.5 million for 2002. The increase was primarily due to depreciation and amortization relating to assets acquired as part of the CSD acquisition.

Restructuring

For the year ended December 31, 2002, we recorded a restructuring charge of $0.8 million related to the acquisition. The restructuring charge consisted of $0.3 million for severance for individuals who were our employees prior to the acquisition, and $0.5 million of costs associated with our decision to close sales offices and parts of facilities that we operated prior to the acquisition and that became duplicative.

Other Acquisition Costs

Other acquisition costs were $5.4 million for the year ended December 31, 2002. The primary components of these costs were outside consultant services and expenses related to integration planning and execution following the acquisition.

Other Income (Expense)

As more fully discussed below under "Redemption of Series C Preferred Stock," we issued 25,000 shares of Series C Convertible Preferred Stock ("Series C Preferred Stock") for $25.0 million in September 2002. The Series C Preferred Stock was recorded on our financial statements as though it consisted of two components, namely (i) a non-convertible redeemable preferred stock (the "Host Contract") which matured in September 2009, and (ii) an "Embedded Derivative" which reflected the right of the holders of the Series C Preferred Stock to convert into our common stock. Generally accepted accounting principles in the United States require that the value of a derivative be marked to market. For the year ended December 31, 2003, we valued the Embedded Derivative using the Black-Scholes option pricing model. The Black-Scholes model determines the value of an option primarily by considering the strike price of the option, the market value of the stock and volatility of the stock. The strike price of the Embedded Derivative was $8.00 at December 31, 2003. For the year ended December 31, 2003, we recorded other expense of $0.4 million for the change in the fair value of the Embedded Derivative because of the market price decline of our common stock which occurred during the year, partially offset by the decrease of the strike price on the Embedded Derivative from $10.50 to $8.00 that occurred because both (i) the Consolidated Adjusted EBITDA for the year ended December 31, 2003 was less than $115 million and (ii) the average trading price for our common stock for the month of December 2003 was less than $27.50. We recorded other (expense) income due to the change in the value of the Embedded Derivative of $(0.4) million and $0.1 million for the years ended December 31, 2003 and 2002, respectively. As more fully discussed above under "Other Income (Expense)" for the Year ended December 31, 2004 versus Year ended December 31, 2003, we redeemed all of the Series C Preferred Stock and settled the related Embedded Derivative liability on June 30, 2004.

Loss on Refinancings

Prior to the refinancing of our debt in September 2002, we had outstanding $35.0 million of 16% Senior Subordinated Notes (the "Subordinated Notes") and $9.6 million of 10.75% economic development revenue bonds (the "Bonds"). Under the terms of the Subordinated Notes and the Bonds, we were obligated to refinance all of the debt in order to complete the purchase of the CSD assets. The total cost of the extinguishment of that debt in 2002 was $24.7 million and consisted of (1) a "Make Whole Amount" for the Subordinated Notes of $17.0 million, (2) the defeasance costs on the Bonds of $3.1 million, and (3) the write-off of deferred financing costs on both the Subordinated Notes and the Bonds of approximately $4.6 million, of which $2.4 million represented a write-off of the then unamortized debt issue discount based on the fair market value of warrants issued in connection with the Subordinated Notes on April 30, 2001.

Interest Expense, Net

Interest expense, net of interest income for 2003, increased $10.3 million or 76.9% to $23.7 million from $13.4 million for 2002. The increase in interest expense was primarily due to higher average balances owed during 2003 as compared to 2002, which resulted from our acquisition of the CSD assets.

Income Taxes

Income tax expense in 2003 increased $1.5 million to $5.3 million from $3.8 million for 2002. Income tax expense for 2003 consisted primarily of current tax expense relating to the Canadian operations of $5.7 million and $0.2 million of current state income tax expense due primarily to the profitable operations of certain of our subsidiaries. The 2003 current tax expense was partially offset by foreign deferred tax benefit of $0.6 million. Income tax expense for 2002 consisted of current tax expense relating to the Canadian operations of $2.1 million and $0.6 million of current state income tax expense due primarily to the profitable operations of certain of our subsidiaries and $1.6 million of deferred tax expense. The 2002 current tax expense was partially offset by a $0.6 million federal tax benefit that was primarily due to favorable resolution of a federal alternative minimum tax net operating loss carryback claim.

SFAS No. 109, "Accounting for Income Taxes," requires that a valuation allowance be established when, based on an evaluation of verifiable evidence, there is a likelihood that some portion or all of the deferred tax assets will not be realized. We continually review the adequacy of the valuation allowance for deferred taxes. As discussed previously under the heading "Acquisition," Safety-Kleen was unable to provide historical audited statements of operations and cash flows for the CSD, and we have reported net losses from our U.S. operations since the acquisition. Accordingly, as part of our review of the valuation allowance for deferred taxes for the years ended December 31, 2002 and 2003, we determined we lacked sufficient verified historical taxable income to demonstrate that we will be able to utilize the net operating loss ("NOL") carryforwards and other deferred tax assets for the U.S. entities. Accordingly, no tax benefit has been recorded relating to the loss before provision for income taxes and cumulative effect of change in accounting principle for the U.S. entities for the years ended December 31, 2003 and 2002. The actual realization of the net operating loss carryforwards and other deferred tax assets will depend on our having future taxable income of the appropriate character prior to their expiration. Should we demonstrate the ability to generate future taxable income to utilize the NOL carryforwards and other deferred tax assets, a portion, or all of the valuation allowance would be reduced. Up to $28.4 million of this valuation allowance reduction could be recorded as a tax benefit on the Statement of Operations and up to $4.4 million could reduce the basis of assets acquired from the Sellers. At December 31, 2003, we had regular net operating loss carryforwards of approximately $60.4 million that begin to expire starting in 2012.

Adjusted EBITDA Contribution

The combined Adjusted EBITDA contribution by segments for 2003 increased $14.6 million or 40.3% to $50.7 million from $36.2 million in 2002. The increase from Technical Services was $34.6 million, which was complemented by an increase in Site Service Adjusted EBITDA of $7.1 million and offset by a decrease in Corporate Items cost of $27.5 million. The combined Adjusted EBITDA contribution was based on total revenues of $611.0 million and $350.1 million, net of cost of revenues of $453.5 million and $252.5 million and selling, general and administrative expenses of $107.1 million and $61.5 million for the years ended December 31, 2003 and 2002, respectively. In 2003 selling, general and administrative expenses included $1.1 million of non-recurring severance charges that a majority of our lenders agreed to include as restructuring charges under the definition of "Consolidated Net Income" in our then financing agreements, as amended, and such $1.1 million thus is included in Adjusted EBITDA contribution for 2003.

Environmental Liabilities

Our environmental liabilities consist of closure and post-closure liabilities at both our landfill and non-landfill sites, and remedial liabilities to investigate, alleviate or eliminate the effects of a release (or threat of a release) of hazardous substances into the environment and may also include corrective action under RCRA. A discussion of our closure, post-closure and remedial liabilities follows.

Closure and Post-closure Liabilities

Effective January 1, 2003, we adopted SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires companies to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When a liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period using the entity's credit-adjusted risk-free interest rate, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. SFAS No. 143 requires upon initial application that companies reflect in their balance sheet: (1) liabilities for any existing asset retirement obligations adjusted for cumulative accretion to the date of adoption of the Statement, (2) asset retirement costs capitalized as an increase to the carrying amount of the associated long-lived asset, and (3) accumulated depreciation on that capitalized cost adjusted for accumulated depreciation to the date of adoption of the Statement. The cumulative effect of initially applying SFAS No. 143 in the year ended December 31, 2003 was recorded as a change in accounting principle which requires that a cumulative effect adjustment be recorded in the statement of operations.

The principal changes from our implementation of SFAS No. 143 were: (1) a reduction in accrued landfill closure and post-closure obligations due to discounting the accruals at our then credit-adjusted risk-free interest rate of 14.0% as required under SFAS No. 143, instead of discounting the accruals at the risk-free interest rate of 4.9% used under purchase accounting at December 31, 2002, (2) a reduction in accrued financial assurance for closure and post-closure care of the facilities which is now expensed in the period incurred under SFAS No. 143, and (3) reductions in the closure and post-closure obligations due to discounting at the credit-adjusted risk-free rate previously undiscounted accrued cell closure costs. These reductions were partly offset by new closure and post-closure obligations recorded for operating non-landfill facilities determined under various probability scenarios as to when operating permits might be surrendered in the future and using the credit-adjusted risk-free rate. The reduction in the value of liabilities assumed in the CSD acquisition from the implementation of SFAS No. 143 of $46.7 million resulted in a corresponding reduction in the value allocated to the assets acquired (see "Acquisition" above). The implementation also resulted in a net of tax cumulative-effect adjustment of $66 thousand recorded in the statement of operations for the year ended December 31, 2003. This adjustment was comprised of an increase to asset retirement obligations of $1.8 million and an increase to net asset retirement costs of $1.7 million.

Closure and post-closure costs incurred are increased for inflation (1.15% and 2.0% for closure and post-closure liabilities incurred in the years ended December 31, 2004 and 2003, respectively). We use an inflation rate published by the US Department of Labor Bureau of Labor Statistics that excludes the more volatile items of food and energy. Closure and post-closure costs are discounted at our credit-adjusted risk-free interest rate (12.5% and 14.0% for closure and post-closure liabilities incurred in the years ended December 31, 2004 and 2003, respectively). Asset retirement obligations incurred in 2005 are being discounted at the credit-adjusted risk-free rate of 10.25% and inflated at a rate of 2.16%. For the asset retirement obligations incurred in 2004, we estimated our credit-adjusted risk-free interest rate by adjusting the then current yield based on market prices of our $150 million Senior Secured Notes by the difference between the yield of a US treasury note of the same duration as the Senior Secured Notes and the yield on the 30 year U.S. Treasury Bond. For the asset retirement obligations incurred in 2003 and for the initial application of SFAS No. 143, we estimated our credit-adjusted risk-free interest rate by adjusting the then current yield on intermediate term debt of companies whose debt was then similarly rated by the rating agencies by the difference between the yield of a US treasury note of the same duration as the average maturity on the intermediate term debt and the yield on the 30 year U.S. Treasury Bond. Under SFAS No. 143, the cost of financial assurance for the closure and post-closure care periods cannot be accrued but rather is a period cost. Prior to the adoption of SFAS No. 143, we accrued the cost of financial assurance relating to both landfill and non-landfill closure and to both landfill and non-landfill post-closure care, as required, under SFAS No. 5, "Accounting for Contingencies." Under SFAS No. 143, financial assurance is no longer included as a component of closure or post-closure costs. SFAS No. 143 requires the cost of financial assurance to be expensed as incurred, and SFAS No. 143 requires the cost of financial assurance to be considered in the determination of the credit-adjusted risk-free interest rate. Under SFAS No. 143, the cost of financial assurance is considered in the determination of the credit-adjusted risk-free interest rate used to discount the closure and post-closure obligations.

Landfill Accounting We utilize the life cycle method of accounting for landfill costs and the units-of-consumption method to amortize landfill construction and asset retirement costs and record closure and post-closure obligations over the estimated useful life of a landfill. Under this method, we include future estimated construction and asset retirement costs, as well as costs incurred to date, in the amortization base. In addition, we include probable expansion airspace that has yet to be permitted in the calculation of the total remaining useful life of the landfill.

Landfill assets Landfill assets include the costs of landfill site acquisition, permitting, preparation and improvement. These amounts are recorded at cost, which includes capitalized interest as applicable.

Landfill assets, net of amortization, are combined with management's estimate of the costs required to complete construction of the landfill to determine the amount to be amortized over the remaining estimated useful economic life of a site. Amortization of landfill assets is recorded on a units-of-consumption basis, such that the landfill assets should be completely amortized at the date the landfill ceases accepting waste. Changes in estimated costs to complete construction are applied prospectively to the amortization rate.

Amortization of cell construction costs and accrual of cell closure obligations Landfills are typically comprised of a number of cells, which are constructed within a defined acreage (or footprint). The cells are typically discrete units, which require both separate construction and separate capping and closure procedures. Cell construction costs are the costs required to excavate and construct the landfill cell. These costs are typically amortized on a units-of-consumption basis, such that they are completely amortized when the specific cell ceases accepting waste. In some instances, we have landfills that are engineered and constructed as "progressive trenches." In progressive trench landfills, a number of contiguous cells form a progressive trench. In those instances, we amortize cell construction costs over the airspace within the entire trench, such that the cell construction costs will be fully amortized at the end of the trench's useful life.

The design and construction of a landfill does not create a landfill asset retirement obligation. Rather, the asset retirement obligation for cell closure (the cost associated with capping each cell) is incurred in relatively small increments as waste is placed in the landfill. Therefore, the cost required to construct the cell cap is capitalized as an asset retirement cost and a liability of an equal amount is established, based on the discounted cash flow associated with each capping event, as airspace is consumed. Spending for cell capping is reflected as a change in liabilities within operating activities in the statement of cash flows.

Landfill final closure and post-closure liabilities We have material financial commitments for the costs associated with requirements of the United States Environmental Protection Agency (the "EPA") and the comparable regulatory agency in Canada for landfill final closure and post-closure activities. In the United States, the landfill final closure and post-closure requirements are established under the standards of the EPA, and are implemented and applied on a state by state basis. Estimates for the cost of these activities are developed by our engineers, accountants and external consultants, based on an evaluation of site-specific facts and circumstances, including our interpretation of current regulatory requirements and proposed regulatory changes. Such estimates may change in the future due to various circumstances including, but not limited to, permit modifications, changes in legislation or regulations, technological changes and results of environmental studies.

Final closure costs include the costs required to cap the final cell of the landfill (if not included in cell closure) and the costs required to dismantle certain structures for landfills and other landfill improvements. In addition, final closure costs include regulation-mandated groundwater monitoring, leachate management and other costs incurred in the closure process. Post-closure costs include substantially all costs that are required to be incurred subsequent to the closure of the landfill, including, among others, groundwater monitoring and leachate management. Regulatory post-closure periods are generally 30 years after landfill closure. Final closure and post-closure obligations are discounted. Final closure and post-closure obligations are accrued on a units-of-consumption basis, such that the present value of the final closure and post-closure obligations are fully accrued at the date the landfill discontinues accepting waste.

For landfills purchased, we assessed and recorded the present value of the estimated closure and post-closure liability based upon the estimated final closure and post-closure costs and the percentage of airspace consumed as of the purchase date. Thereafter, the difference between the liability recorded at the time of acquisition and the present value of total estimated final closure and post-closure costs to be incurred is accrued prospectively on a units-of-consumption basis over the estimated useful economic life of the landfill.

Landfill capacity Landfill capacity, which is the basis for the amortization of landfill assets and for the accrual of final closure and post-closure obligations, represents total permitted airspace plus unpermitted airspace that we believe is probable of ultimately being permitted based on established criteria. We apply a comprehensive set of criteria for evaluating the probability of obtaining a permit for future expansion airspace at existing sites, which provides management a sufficient basis to evaluate the likelihood of success of unpermitted expansions. Those criteria are as follows:

Personnel are actively working to obtain the permit or permit modifications (land use, state and federal) necessary for expansion of an existing landfill, and progress is being made on the project.

We expect to submit the application within the next year and expect to receive all necessary approvals to accept waste within the next five years.

At the time the expansion is included in our estimate of the landfill's useful economic life, it is probable that the required approvals will be received within the normal application and processing time periods for approvals in the jurisdiction in which the landfill is located.

The owner of the landfill or we have a legal right to use or obtain land associated with the expansion plan.

There are no significant known political, technical, legal, or business restrictions or issues that could impair the success of such expansion.

A financial feasibility analysis has been completed and the results demonstrate that the expansion has a positive financial and operational impact such that management is committed to pursuing the expansion.

Additional airspace and related additional costs, including permitting, final closure and post-closure costs, have been estimated based on the conceptual design of the proposed expansion.

Exceptions to the criteria set forth above may be approved through a landfill-specific approval process that includes approval from our Chief Financial Officer and review by the Audit Committee of the Board of Directors. As of December 31, 2004, there were three unpermitted expansions included in our landfill accounting model, which represents 32.4% of our remaining airspace at that date. Of these expansions, two do not represent exceptions to our established criteria. In March 2004, the Chief Financial Officer approved and the Audit Committee of the Board of Directors reviewed the inclusion of 7.8 million cubic yards of unpermitted airspace in highly probable airspace because it was determined that the airspace was highly probable even though the permit application will not be submitted within the next year. All of the other criteria were met for the inclusion of this airspace in highly probable airspace. Had we not included the 7.8 million cubic yards of unpermitted airspace in highly probable airspace, operating expense for the year ended December 31, 2004, and for the nine months ended September 30, 2005 would have been higher by $439 thousand, and $426 thousand, respectively.

In 2001, prior to our acquisition of the Chemical Services Division from Safety-Kleen, Safety-Kleen commenced the process of obtaining a permit for a new cell at the Lambton Facility. In 2004, we received a modification to the operating permit for such facility that increased permitted airspace at an existing cell and that allowed us to postpone the permitting process for the new cell. We now plan to commence the permitting process for the now unpermitted 7.8 million cubic yards of highly probable airspace in 2006 with the filing of a proposed terms of reference for the environmental assessment.

As of September 30, 2005, we had 11 active landfill sites (including our two non-commercial landfills), which had estimated remaining lives at December 31, 2004 (based on anticipated waste volumes and remaining highly probable airspace) as follows:

Facility Name	Location	Remaining Lives (Years)	Remaining Highly Probable Airspace (cubic yards) (in thousands)		
			Permitted	Unpermitted	Total
Altair	Texas	2	63		63
Buttonwillow	California	44	10,018		10,018
Deer Park	Texas	23	587		587
Deer Trail	Colorado	51	513		513
Grassy Mountain	Utah	24	761	1,366	2,127
Kimball	Nebraska	23	483		483
Lambton	Ontario	51	1,061	7,847	8,908
Lone Mountain	Oklahoma	18	1,463		1,463
Ryley	Alberta	29	1,111		1,111
Sawyer	North Dakota	40	449		449
Westmorland	California	68	2,732		2,732
			19,241	9,213	28,454

We had 2.9 million cubic yards of permitted, but not highly probable, airspace as of December 31, 2004. Permitted, but not highly probable, airspace is permitted airspace we currently do not expect to utilize; therefore, this airspace has not been included in the above table. There were no significant changes in estimated remaining lives permitted, unpermitted or remaining highly probable airspace for the 11 active landfill sites at September 30, 2005 as compared to December 31, 2004.

The following table presents the remaining highly probable airspace from December 31, 2002 through September 30, 2005 (in thousands):

	Highly Probable Airspace (cubic yards)
Remaining capacity at December 31, 2002	25,288
Addition of highly probable airspace	4,280
Consumed during 2003	(687)
Change in estimate	150
Remaining capacity at December 31, 2003	29,031
Addition of highly probable airspace	141
Consumed during 2004	(780)
Change in estimate	62
Remaining capacity at December 31, 2004	28,454
Consumed during nine months ended September 30, 2005	(709)
Remaining capacity at September 30, 2005	29,163

Changes to landfill assets for the nine months ended September 30, 2005 were as follows (in thousands):

	Balance at December 31, 2004	Asset Retirement Costs	Capital Additions	Changes in Estimates of Closure and Post-Closure Liabilities	Currency Translations, Reclassifications, and Other	Balance at September 30, 2005
Landfill Assets	$ 6,396	$ 681	$ 3,602	$ (4,503)	$ 214	$ 6,390

Changes to landfill assets for the year ended December 31, 2004 were as follows (in thousands):

	Balance at December 31, 2003	Asset Retirement Costs	Capital Additions	Changes in Estimates of Closure and Post-Closure Liabilities	Currency Translations, Reclassifications, and Other	Balance at December 31, 2004
Landfill Assets	$ 3,579	$ 958	$ 2,597	$ (1,157)	$ 419	$ 6,396

Changes to landfill assets for the year ended December 31, 2003 were as follows (in thousands):

Balance at December 31, 2002	Asset Retirement Costs	Capital Additions	Decrease Due to Increase in Highly Probable Airspace and Other Changes in Estimate	Purchase Accounting Adjustment Due to Change in Accounting for Asset Retirement Costs as well as Other Purchase Accounting Adjustments	Currency Translations, Reclassifications, and Other	Balance at December 31, 2003
$ 14,781	$ 1,004	$ 1,669	$ (11,596)	$ (2,820)	$ 541	$ 3,579

In 2003 and 2004 we reduced closure and post-closure liabilities as a result of increasing highly probable landfill airspace. After acquiring landfills as part of the CSD assets from Safety-Kleen in 2002, our management identified new business opportunities that made possible the expansion, and further utilization, of the assets that the previous owners had believed to be exhausted. The resulting increase in airspace was accounted for by reducing landfill retirement liabilities (due to delaying the closure and post-closure expenditures) and by correspondingly reducing landfill assets by $11.6 million and $1.2 million for the years ended December 31, 2003 and 2004 respectively. See the tables of changes to closure and post-closure liabilities below.

We calculate the rates we use to amortize landfill assets based upon the dollar value of estimated final liabilities, the surveyed remaining airspace of the landfill, and the time estimated to consume the remaining airspace. Consequently, rates vary for each landfill and for each asset category, and we recalculate them each year. During the years ended December 31, 2004, and 2003, we depreciated landfill assets at average rates of $0.39 and $2.62 per cubic yard, respectively. The change in the amortization rate of landfill assets resulted primarily from the $11.6 million reduction in landfill asset described immediately above. The rate used to amortize landfill assets for the year ended December 31, 2002 is not presented because we acquired the landfills in September 2002, and the rate is not representative of ongoing activities.

Non-Landfill Closure and Post-Closure

Non-landfill closure costs include costs required to dismantle and decontaminate certain structures and other costs incurred during the closure process. Post-closure costs, if required, include associated maintenance and monitoring costs and financial assurance costs as required by the closure permit. Post-closure periods are performance-based and are not generally specified in terms of years in the closure permit, but may generally range from 10 to 30 years or more.

We record our non-landfill closure and post-closure liability by (i) estimating the current cost of closing a non-landfill facility and the post closure care of that facility, if required, based upon the

closure plan that we are required to follow under our operating permit, or in the event the facility operates with a permit that does not contain a closure plan, based upon closure commitments made by us, (ii) using probability scenarios as to when in the future operations may cease, (iii) inflating the current cost of closing the non-landfill facility on a probability weighted basis using the inflation rate to the time of closing under each probability scenario, and (iv) discounting the future value of each closing scenario back to the present using the credit-adjusted risk-free interest rate. Non-landfill closure and post-closure obligations arise when we commence operations. Prior to the implementation of SFAS No. 143, these obligations were expensed in the period that a decision was made to close a facility.

Reserves for closure and post-closure obligations were as follows (in thousands):

	September 30, 2005	Dec. 31, 2004	Dec. 31, 2003
Landfill facilities:			
Cell closure	$ 15,274	$ 14,959	$ 13,744
Facility closure	587	1,726	1,713
Post-closure	831	2,203	2,246
	16,692	18,888	17,703
Non-landfill retirement liability:			
Facility closure	5,568	6,763	7,992
	22,260	25,651	25,695
Less obligation classified as current	2,849	2,930	6,480
Long-term closure and post-closure liability	$ 19,411	$ 22,721	$ 19,215

All of the landfill facilities included in the table above were active as of September 30, 2005.

Anticipated payments at September 30, 2005 (based on current estimated costs) and anticipated timing of necessary regulatory approvals to commence work on closure and post-closure activities for each of the next five years and thereafter are as follows (in thousands):

Periods ending December 31,	
Remaining three months of 2005	$ 442
2006	3,275
2007	4,248
2008	4,773
2009	2,120
Thereafter	207,951
Undiscounted closure and post-closure liabilities	222,809
Less: Reserves to be provided (including discount of $117.0 million) over remaining site lives	(200,549)
Present value of closure and post-closure liabilities	$ 22,260

The changes to closure and post-closure liabilities for the nine months ended September 30, 2005 were as follows (in thousands):

	December 31, 2004	New Asset Retirement Obligations	Accretion	Changes in Estimate (Benefit) Recorded to Statement of Operations	Other Changes in Estimates Recorded to Balance Sheet	Currency Translation Reclassifications and Other	Payments	September 30, 2005
Landfill retirement liability	$ 18,888	$ 681	$ 2,100	$ (375)	$ (4,503)	$ 30	$ (129)	$ 16,692
Non-landfill retirement liability	6,763		603	(649)	35	8	(1,192)	5,568
Total	$ 25,651	$ 681	$ 2,703	$ (1,024)	$ (4,468)	$ 38	$ (1,321)	$ 22,260

The changes to closure and post-closure liabilities for the year ended December 31, 2004 were as follows (in thousands):

	December 31, 2003	New Asset Retirement Obligations	Accretion	Changes in Estimate Charged to Statement of Operations	Benefit to Statement of Operations for Other Changes in Estimates	Currency Translation, Reclassifications and Other	Payments	December 31, 2004
Landfill retirement liability	$ 17,703	$ 958	$ 2,460	$ (1,069)	$ (1,157)	$ 43	$ (50)	$ 18,888
Non-landfill retirement liability	7,992		902	(928)	(8)	6	(1,201)	6,763
Total	$ 25,695	$ 958						