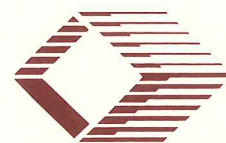




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## **Setting the Standard**

*OHM Corporation  
solves clients'  
environmental problems  
by moving on-site  
treatment technologies  
from the laboratory  
into actual field  
applications.*



**OHM Corporation**



Three-month demonstration project to determine feasibility of bioremediation of PCB-contaminated river sediments

## Client Situation:

Demonstrate that naturally occurring microorganisms can bioremediate PCB-contamination in the Hudson River.



# B

ecause of its field orientation approach to applying bioremediation technology, OHM was retained by General Electric Company to determine the feasibility of bioremediation using microorganisms indigenous to PCB-contaminated river sediments and develop a system for a demonstration project in the Hudson River. OHM was selected because of its reputation for effectively moving on-site treatment technologies from the laboratory into actual field applications. OHM brought three other qualities to the project: ability to custom design and fabricate treatment systems, experience in implementing on-site treatment systems, and proven expertise in applying indigenous microorganisms in remediation work.

◆ One approach for remediating the problem was to excavate the contaminated sediment, treat it, and send it for disposal. Cost estimates for that approach range from a conservative \$250 million to a high of \$500 million. In this case, bioremediation may offer potential savings in the tens of millions of dollars. It also is environmentally

preferable because it could preserve the natural integrity of the Hudson River. ◆ During laboratory study, OHM determined that naturally occurring microorganisms in the Hudson River could be enhanced to destroy the PCB contamination.

◆ OHM then designed and fabricated the biological treatment system which consisted of six bioreactor units, each eight feet in diameter, that were driven into the river sediment. In accordance with project deadlines, the system was installed in July 1991, in time to meet tight deadlines dictated by regulatory pressures and a small window of time for demonstration prior to freezing conditions on the Hudson. Also fabricated and installed were electrical, instrumentation, and mechanical systems for the

bioreactors and support equipment. A complex electrical control system operated the bioreactors and gathered data regarding the treatment effectiveness of the microorganisms. The field demonstration was conducted from August through October. ◆ Evaluation of data is the next step in determining the viability of the full-scale treatment system to biodegrade the PCB contamination.

### About the cover:

Top photo: Treatability testing of indigenous microorganisms

Middle photo: Engineering and design of biological treatment system

Bottom photo: Pilot scale treatment system demonstration project to treat PCBs

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# Company Profile

With 22 years of experience and the successful completion of more than 14,000 projects, OHM Corporation is a leading on-site remediation services firm and a major emergency response contractor. The Company specializes in applying a full spectrum of on-site technologies, including physical, chemical, biological, and thermal, to remediate hazardous and industrial waste on both a planned and emergency response basis. In connection with the implementation of on-site technologies to treat hazardous waste, OHM offers a broad range of services including site assessment, engineering, remedial design, and analytical testing. ◆ Through 30 locations nationwide and significant investment in technology and equipment, OHM provides these services to a diverse client base, including those in the petroleum, chemical, transportation, real estate, and general manufacturing industries, as well as to federal, state, and local governmental agencies. With respect to emergency response, OHM's services are directed to oil and chemical spills, fires and explosions, and industrial incidents. ◆ OHM's 70-percent-owned subsidiary, NSC Corporation, is a leading regional provider of asbestos abatement services in the northeastern United States and is expanding into industrial cleaning and maintenance services. ◆ Concord Resources Group, Inc., the Company's joint venture, operates two state-of-the-art hazardous waste treatment and disposal facilities.

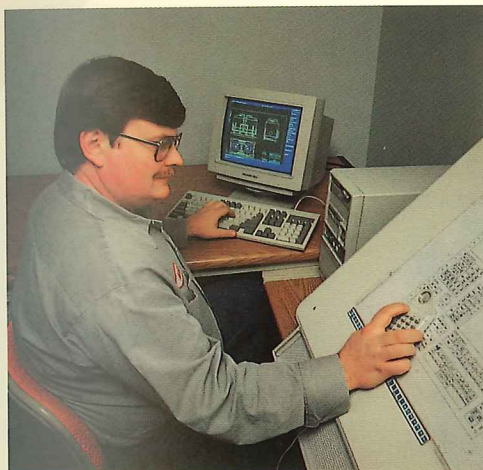
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## ***OHM Solution:***

Biotreatability study confirms client treatment preference and determines standards; custom design, fabrication, and installation of pilot-scale demonstration system within tight deadlines.



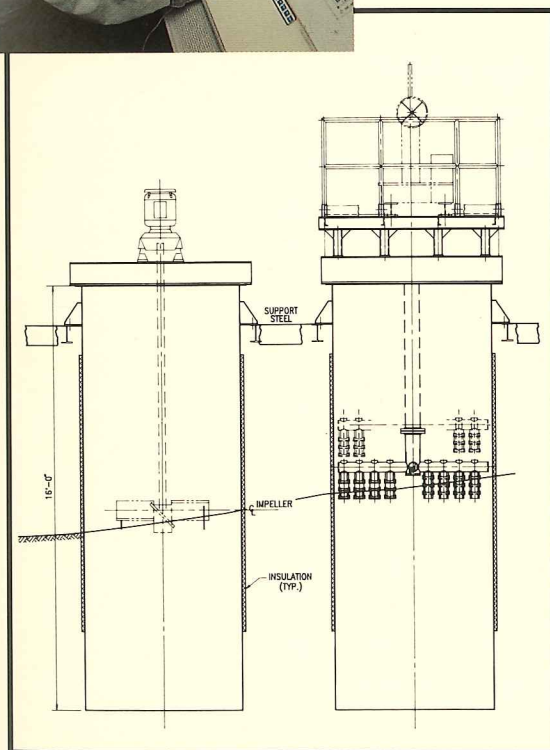
*OHM biotreatability laboratory*



*Fabrication standards developed on CAD system*



*Fabrication of biological treatment system*



*Custom design of bioreactor units*



*Electrical control system for bioreactors*

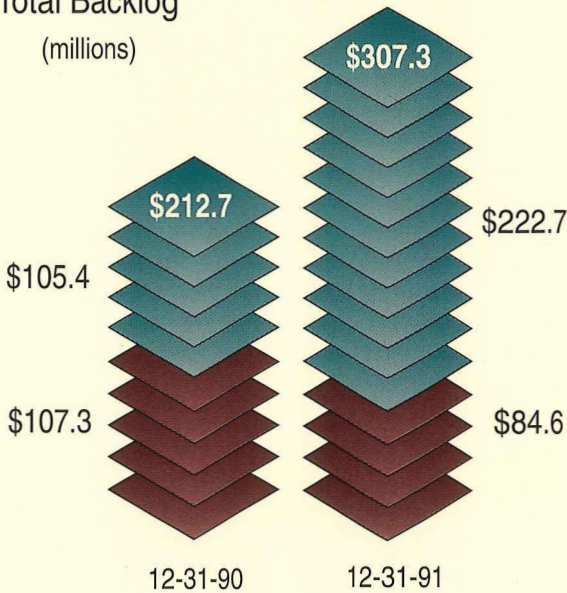
# OHM Corporation Financial Highlights


(In Thousands, Except Per Share Data)


Years Ended December 31,	1987	1988	1989	1990	1991
Gross Revenues	\$115,359	\$150,347	\$193,171	\$243,398	\$239,460
Net Revenues	76,764	111,236	139,454	186,616	175,492
Operating Income	5,191	16,972	14,412	22,742	3,784
Income From Continuing Operations	2,446	8,440	4,303	14,394	(6,863)
Net Income	2,418	7,885	1,692	5,928	(6,863)
Income Per Share From Continuing Operations	0.20	0.69	0.35	1.20	(0.57)
Net Income Per Share	0.20	0.64	0.14	0.49	(0.57)
Total Assets	122,409	168,439	179,944	193,790	189,743
Stockholders' Equity	36,970	51,079	48,699	54,743	48,253

## Total Backlog

(millions)



 Potential Value of Unobligated Multi Year Air Force, Navy, U.S. Army Corps of Engineers, EPA, and other Government Contracts

 Total Value of Obligated Industrial and Government Contracts

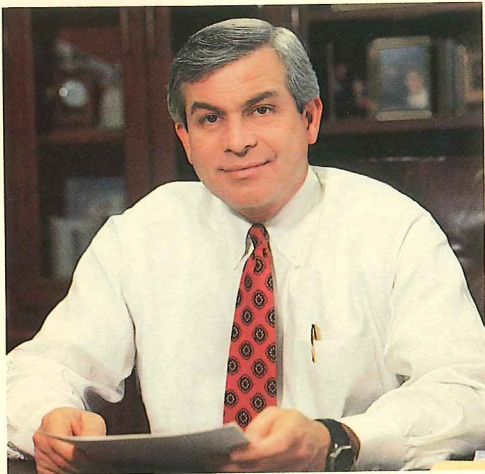
## To Our Stockholders:

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1991 was a very tough year economically for many companies, including OHM Corporation.

We reported our first decline in annual net revenues, from \$187 million to \$175 million, and our first full-year loss—57 cents per share.

More than half of the loss, 33 cents, resulted from the write-down of our investment in Concord Resources Group, Inc., relating to its startup and operating costs. Concord, a joint venture with Conrail, operates two state-of-the-art hazardous waste treatment and disposal facilities. While having a significant impact on our financial results this year, the investment offers substantial future potential as hazardous waste landfill capacity diminishes and treatment standards tighten.



*James L. Kirk  
Chairman, President  
and Chief Executive Officer*

The difficult economic conditions affected both our core environmental remediation and related asbestos abatement businesses. However, we took major steps forward in our longer-term objective of focusing on and strengthening our remediation business.

These steps included:

- ◆ Major investments in the expansion of our remediation business in the South and West, making OHM one of the few truly national players in environmental remediation;
- ◆ Exiting the commercial laboratory testing business with the sale of three laboratories;
- ◆ Continuing efforts to divest our hazardous waste treatment and storage facility near Atlanta, which was made strategically expendable as a result of Concord's acquisition of two larger, state-of-the-art facilities.

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As we move into the 1990s, we look ahead with optimism, but optimism strongly tempered by short-term economic conditions.

Nevertheless, we believe our long-term prospects are strong.

Today many companies are being forced to fundamentally change the way they do business, and we are in a competitive position to provide them with services critical to meeting their environmental agendas.

America's leading businesses and industries are being challenged as never before to compete more effectively. That means they are having to reinvest in plants, research and development, and markets, both domestically and internationally, at the same time revenues and margins are under extreme pressure.

While confronted with these tough business conditions, regulatory standards, in particular, environmental standards, are tightening and can be expected to continue to tighten further. Yet it is precisely because of the stringent environmental requirements that we believe OHM is uniquely positioned for the future.

Companies need cost-effective means of solving their problems in a stringent regulatory environment.

And increasingly more companies treat and dispose of waste on site as both regulators and industry are confronted with diminishing, hazardous waste landfill capacity and public concerns over transportation and disposal of wastes.

This means that wastes need to be minimized during the manufacturing process and treated earlier and more quickly.

Environmental remediation requires planned, long-term programs not only to solve current problems but to prevent future ones. Such solutions require an integrated, cost-effective approach, which in turn demands significant financial resources, technical skills, management capability, regulatory knowledge, and experience.

For these reasons, companies turn to OHM.





*Joseph R. Kirk*  
*Executive Vice President*

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We are a pioneer in the development and application of on-site treatment technologies and equipment. The cornerstone of the company's philosophy is that wastes should be treated where they occur. We are a leader in modifying equipment and systems used in other industries and applying them to treat hazardous waste.

We will continue that rich tradition to reinforce our leadership position and to truly differentiate ourselves from the competition.

We are recognized as setting the standard in on-site environmental remediation against which our competition is judged. The standard means that we understand:

- ◆ The technical requirements;
- ◆ The regulatory requirements;
- ◆ The business requirements of our clients.

OHM is known not only for the technical proficiency to cost-effectively treat and manage hazardous waste, both on an emergency and planned basis, but also for the regulatory experience and skills to efficiently manage wastes in strict compliance with government standards.

Our resources include more than 2,000 employees at 30 locations throughout the United States and \$70 million in equipment and custom-fabricating facilities that can be used to resolve environmental problems quickly and effectively.

The OHM standard means helping companies protect the environment and the public so that business can be conducted efficiently in today's difficult operating environment.



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Why is OHM recognized as the standard? There are many reasons:

- ◆ With more than 22 years of experience and 14,000 projects, we have experience in applying solutions to more hazardous waste remediation problems than any of our competitors.
- ◆ Our experience is the foundation of our high quality field operational performance for which we are a recognized leader.
- ◆ We have successfully tackled some of the most challenging environmental projects, from highly visible disasters and toxic spills to less visible, but no less important, ongoing waste management and environmental maintenance programs for American businesses.
- ◆ Nearly 300 companies, many in the *Fortune* 500, have OHM remediation and emergency response service agreements.
- ◆ We provide geographic reach throughout the United States and are both regional and national in scope. Regional offices provide local responsiveness, backed by national resources and technical skills.
- ◆ We are becoming increasingly international, with activity in Taiwan, Korea, and Venezuela.
- ◆ While other environmental companies may have total revenues greater than OHM's, we are the largest on-site remediation company, deriving more revenues from applying on-site treatment technologies in actual field situations than any other company in this industry.

OHM is recognized as the standard because of our size, our people, our experience, our technical capabilities, and our significant investment in specialized on-site treatment equipment. We are committed to remaining the leadership standard for on-site remediation well into the future.

Elsewhere in this report are examples of how we solved clients' environmental problems in 1991.

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OHM is a pioneer  
in the development  
and application  
of on-site treatment  
technologies  
and equipment.



*Patented soil vapor extraction system technology for a year-long project in South Carolina selected for cost-effective benefits*

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## The Marketplace

We believe our marketplace will be one of continued growth and opportunities.

Despite the country's economic woes, strong and aggressive action remains on a variety of fronts to improve the nation's environment. The current annual cost to industry of hazardous waste regulations, estimated by some at \$12 billion today, could reach \$32 billion by the end of the century.

We believe this market offers substantial opportunities for OHM and its shareholders.

Among the initiatives toward more stringent regulation we will see this year alone are:

- ◆ Congress will continue its work on the Resource Conservation and Recovery Act, or RCRA. Enacted in 1976, RCRA provides for the "cradle-to-grave" management of hazardous waste. The law is expected to be toughened, particularly with regard to transportation and recycling issues. In addition, EPA will set new treatment standards for petroleum industry wastes and debris, increasing the volumes of hazardous waste subject to more stringent regulation.
- ◆ The EPA this year, under what it calls its "Enforcement First" policy, is expected to surpass the \$1.4 billion it forced private parties to pay last year to clean up contaminated Superfund sites.

- 
- ◆ The EPA is expected to also promulgate rules and criteria for toxicity of sediments with the potential to generate wide-spread cleanup activities in our lakes and rivers.
  - ◆ EPA is developing a strategy for the treatment of lead that will affect 400 National Priority List sites.
  - ◆ Many states are expected to continue to follow the federal example in tightening their own environmental regulations.
  - ◆ Landfill capacity for hazardous waste will continue its decline. The options for off-site disposal of wastes will continue to be limited and expensive.

These trends mean that private sector clients need pre-qualified contractors who provide cost-effective, technology-based remediation and ongoing management of their wastes.

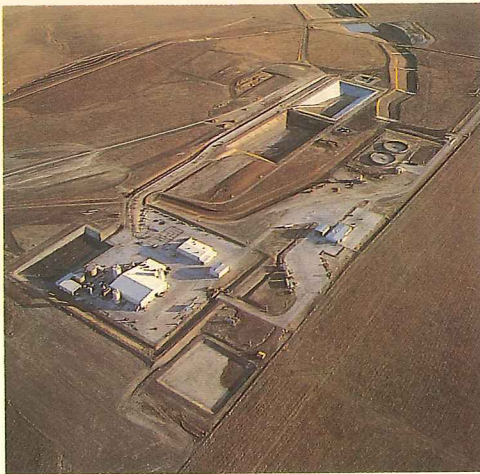
The downward trend in permitted hazardous waste disposal capacity also means that Concord, with two of the newest, state-of-the-art disposal sites, is well positioned to manage the most difficult wastes that simply can't be treated on site.

## 1991

Although the past year's financial results were disappointing for OHM Corporation, we made significant investments and accomplishments as part of our overall strategic plan to assure our future growth and improve our financial performance.

OHM's financial results were adversely affected by a number of factors:

- ◆ Those same conditions contributed to a 17 percent reduction in net revenues from asbestos abatement services.
  - ◆ The writedown of almost \$4 million related to Concord Resources Group, Inc.
  - ◆ Increased overhead costs associated with expansion of our business in the southern and western United States.
- 
- ◆ Recessionary conditions contributed to an 8 percent reduction in net revenues from environmental remediation services in the industrial sector.



*Concord's Highway 36 treatment, storage, and disposal facility near Denver*



*Concord's Stalex treatment, storage, and disposal facility near Montreal*

While overall financial results were disappointing, there were a number of very positive developments:

- ◆ The company was awarded six new government term contracts, having a total potential value of \$180 million over the next three to five years. In addition, we are a 32 percent owner of a joint venture that was awarded the largest Superfund project to date—the clean up of Bayou Bonfouca in Louisiana.
- ◆ While the company's obligated backlog at year-end declined from the preceding year, OHM's obligated backlog plus the potential value of government contracts with a three to five year term was \$307.3 million at December 31, 1991, compared to \$212.7 million in 1990.
- ◆ During 1991, OHM began to receive a positive return on investments made in its geographic expansion in the southern and western United States. These newer regions collectively made a positive contribution to operating income in the second half of 1991 and helped offset recession-related declines in revenue in the Northeast and Midwest. The geographic expansion also reflected our long-term strategic objective of growing our core remediation business and being a leading national provider of environmental services.
- ◆ We continued to take on some of the toughest and most challenging assignments in environmental remediation throughout the United States, from a railroad derailment resulting in contamination of the Sacramento River to clean up of one of the most contaminated sites in the country in New Jersey.

*NSC expansion into industrial cleaning and maintenance services*

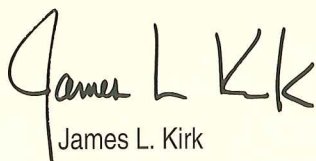


- ◆ Our joint venture, Concord, acquired the two newest state-of-the-art, commercial, inorganic hazardous waste treatment and disposal facilities in North America. This advantage appeals to many companies that are reluctant to use older facilities constructed in an era before high treatment standards for construction and operation were enacted.
- ◆ In addition to receiving contracts from the Air Force, Navy, and U.S. Army Corps of Engineers, OHM was awarded two environmental remediation Emergency Response Cleanup Services contracts by EPA in Region IV, which includes the southeastern United States.
- ◆ NSC Corporation, our 70-percent-owned asbestos abatement subsidiary, began an expansion into industrial cleaning and maintenance services.

Based on current economic conditions, we are being extremely conservative in our business forecast for 1992. Accordingly, we have initiated cost control programs across the company to minimize the impact of the continuing recession.

During 1992, our strategy is to continue to focus on delivering high quality, on-site remediation and emergency response services to our clients and to seek multi-year contracts both in the private and public sectors in order to provide an ongoing, stable source of revenues. We believe that these initiatives will better enable us to capitalize upon a future which continues to hold significant long-term promise.

Respectfully submitted,



James L. Kirk  
Chairman, President and  
Chief Executive Officer

## Client Situation:

Client preference for volume reduction of solvent-contaminated river sediments in Louisiana ship channel after state regulatory officials issue compliance order.



Customized dredge to excavate 18,000 tons of solvent-contaminated river sediments from Louisiana ship channel

P

roduct releases over many years of ship loading operations at a Fortune 100 manufacturer's plant in Louisiana caused solvent contamination of more than 18,000 tons of sediments in a ship channel. In response to a compliance order, the company retained OHM to manage the entire remediation of the river sediments during the five-month, \$8.1 million project. ♦ One of the project's major challenges was the excavation and removal of soft sediments beneath 50 feet of water. OHM and the client's engineering staff worked together to design a materials handling system that allowed for dredging of the contaminated sediments and the storage capacity needed to maintain processing schedules. A specialized hydraulic suction dredge with the capability to extend 65 feet below the surface was developed. Hopper barges stored up to 400,000 gallons of sediment awaiting processing. ♦ Additionally, OHM developed a comprehensive work plan and operated the massive dewatering program required to

reduce sediment volume. This plan included six recessed-chamber filter presses. An on-site water treatment system was designed to meet the Louisiana Department of Environmental Quality's surface water discharge criteria. ♦ Throughout the project, we treated 26 million gallons of water produced during the dewatering process. To continuously verify that cleanup standards were being achieved, an OHM mobile laboratory provided four-hour turnaround for sample analyses. ♦ Since the dredging operation took place at a working dock, OHM faced the additional challenge of meeting the client's remediation deadline without disrupting shipping operations. ♦ The project was completed on time, within budget, and met the

treatment guidelines by complying with the surface water discharge permit and passing the paint filter liquids test by achieving volume reduction of 54 percent. ♦ Because of OHM's performance during this project, the client has awarded the company a similar, \$3.4 million project to be performed at this facility in 1992.



Sediment sample testing to set treatment standards



Hopper barges for storage of 400,000 gallons of sediment awaiting processing

### ***OHM Solution:***

Five months of comprehensive on-site remediation of 18,000 tons of sediment within deadline and budget. Meets 54 percent volume reduction standards and regulatory requirements.



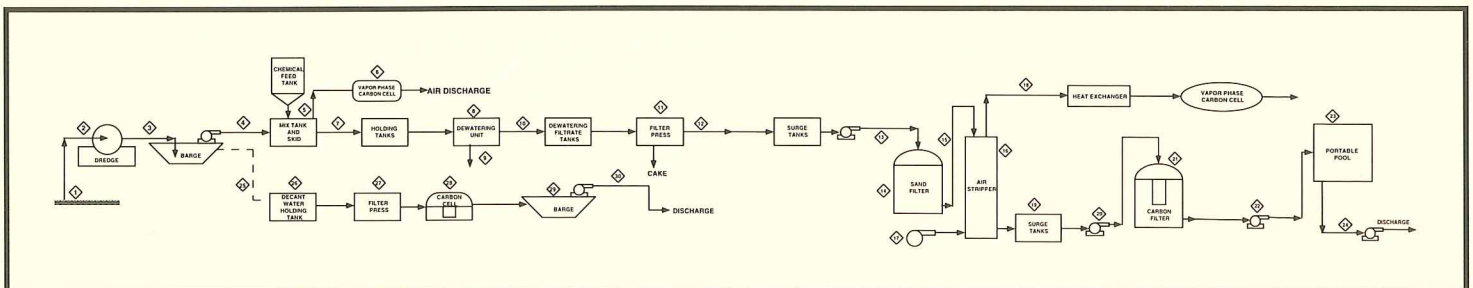
Five-month project completed without disrupting manufacturing plant or shipping operations



26 million gallon water treatment system designed to meet Louisiana Department of Environmental quality standards



Recessed chamber filter presses reduced river sediment volumes by 54 percent



Process flow diagram for management and control of project standards



Four-acre abandoned chemical plant designated priority Superfund site

## Client Situation:

Major Superfund site at abandoned chemical facility threatens health and safety of 12,000 area residents.



More than 8,000 drums, 125 storage tanks, 11,000 laboratory containers pose catastrophic threat

The U.S. Environmental Protection Agency retained OHM to clean up a highly contaminated site formerly occupied by a chemical company in New Jersey. This situation posed a threat of a catastrophic release that could have exposed as many as 12,000 people near the abandoned plant to harmful substances. ♦ Improper management of containers at this four-acre facility resulted in: numerous spills; open, damaged, bulging, and unlabeled containers; storage of ignitable materials; and ongoing releases of chemicals from fuming drums during periods of rain and humidity. These conditions resulted in the site being designated a priority under Superfund. ♦ A wide range of chemicals was stored in more than 8,000 drums. Scattered throughout the site and buildings were an additional 125 aboveground storage tanks, each containing 50 to 30,000 gallons of materials, and two laboratories with over 11,000 haphazardly stored containers, many of which were deteriorating. Chemicals

in these containers were related to the manufacture of acid chlorides and flame-retardant compounds. ♦ Under its Emergency Response Cleanup Services (ERCS) contract with the EPA, OHM was the primary contractor responsible for containing and controlling the situation. ♦ To ensure disposal efficiency and cost-effectiveness, chemists in OHM's on-site analytical laboratory sought as many compatibles among the hundreds of different chemicals as possible. Based on experience in analyzing samples from a single site having as many as 60,000 drums, OHM was able to incorporate many small bulk groups with similar, larger groups to reduce the number of comprehensive samples needed to characterize bulked materials for disposal. These efforts were

successful, resulting in a cost savings of over \$1 million in analysis alone.

♦ The site's volatile condition presented OHM with challenges requiring other innovative solutions in the areas of project management, health and safety, and contingency planning. ♦ A dedicated spill-response unit and an emergency response drill plan ensured preparedness for any accidental release during overpacking and transfer operations.

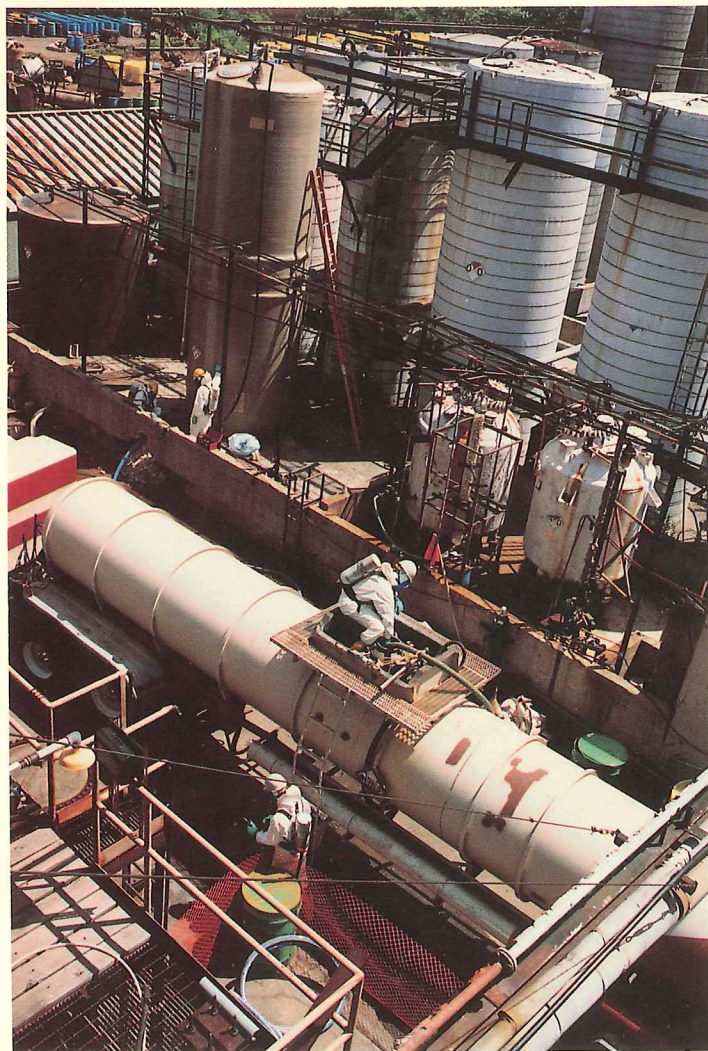




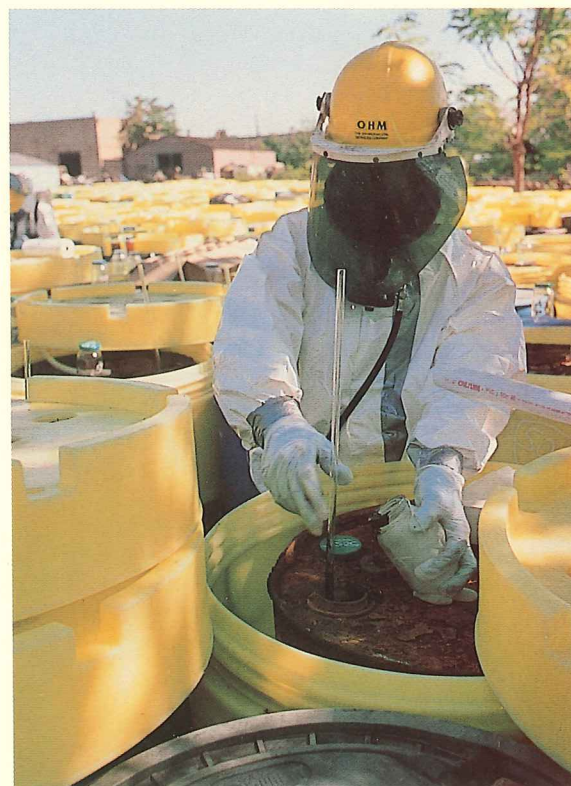
Bulking of compatible chemicals resulted in a savings of over \$1 million in analysis alone

### **OHM Solution:**

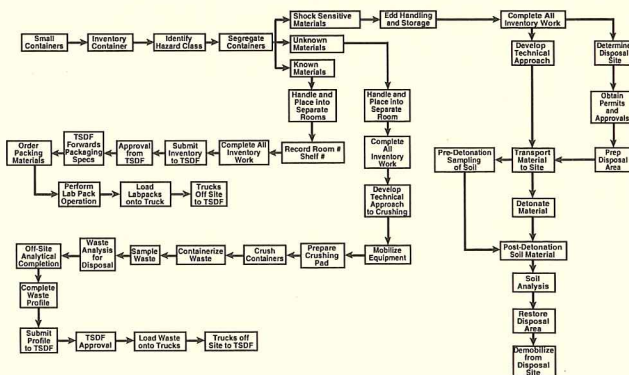
Immediate action eliminates emergency. Comprehensive hazardous waste management procedures and standards to assure safest and most cost-effective steps for disposing of the materials.



Transfer of acid chlorides and flame-retardant compounds from 125 aboveground storage tanks



Sampling for mobile, on-site laboratory analysis to characterize bulked materials



Task flow diagram for quality-controlled sampling, segregation, and disposal of materials

## Client Situation:

Major herbicide spill in northern California kills fish and vegetation, shuts down tourism, draws attention of nation's news media, necessitates oversight by 53 regulatory agencies.

# TWO SUNDAYS IN JULY

**Two accidents, two weeks apart, both involving toxic chemicals, both in California and both on SP Lines. The railroad responds with an experienced and knowledgeable team and a concern for the affected communities.**

At about 9:50 p.m. on July 14, a 97-car freight train heading for Eugene, Ore., was making its way along the Canby Loop about six miles north of Dunsmuir, Calif. As the WCELM (a West Colton to Eugene train) crossed a railroad bridge over the Sacramento River, the fourth locomotive and the first seven cars behind it came off the track. No one was injured, but two cars ended up in the river. One was empty, but the other was a tank car loaded with 19,000 gallons of "weed killer."

Two weeks later, shortly after noon on July 28, the LARAF (a Los Angeles to San Francisco Bay Area train) derailed 14 of its 39 cars near the small coastal community of Sealife, about 75 miles northwest of Los Angeles. Again, there were no injuries. Four of the derailed cars contained hazardous materials. One, a flatcar carrying a container loaded with 76.55 gallons of aqueous hydrazine, spilled about 500 gallons of the chemical onto the tracks beneath a highway overpass. About 300



About 19,000 gallons of custom sodium isothiazolone spilled into the Sacramento River after this tank car derailed near Dunsmuir, Calif.

Southern Pacific Bulletin July/August/September 1991

nearby residents and vacationers were evacuated and a 10-mile stretch of this major freeway was closed for five days.

**First on the scene**  
In both derailments, the company and its employees responded quickly. "Our people were first on the scene," noted Chairman Phil Busch in a letter mailed to employees. "We took responsibility for our actions and immediately stepped in to do what should be done."

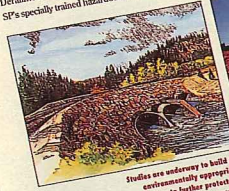
SP officials as well as county, state and federal agencies were notified promptly. Derailment response teams—including SP's specially trained hazardous material

experts—were dispatched immediately. Soon after the incident at Dunsmuir, SP identified the "weed killer" as metham-sodium and had information about its hazards within hours. SP's Hazardous Materials Control Officers Don Snow in Roseville and Eric Siroteck from Oakland were at the derailment site within five hours.

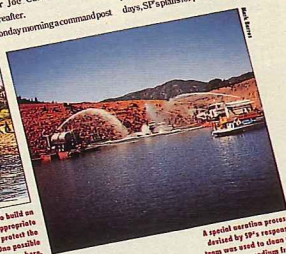
Gary Mahon, district engineer for the Shasta District who lives in nearby Mt. Shasta, was the first on the scene. D&H Supervisor T.J. Hannigan, Road Foreman of Engineers Mark Barnum and SP Police Investigator Joe Castelberry arrived shortly thereafter.

Early Monday morning a command post was set up with General Manager Larry Phipps in charge. Others joined the response team: Oregon Superintendent Bob Melbo from Portland, District Mechanical Officer Bruce Kelly from Eugene, Trainmaster E.T. Stone and Utility Supervisor Eddie Williams from Klamath Falls, and SP Environmental's Mike Grant from San Francisco.

The company's most critical and challenging role involved the cleanup of the metham-sodium. Within about 18 hours after the derailment, railroad experts proposed action plans to attack the spill. Over the next few days, SP's plans for pumping, aerating and



Studies are underway to build an environmentally appropriate bridge to further protect the Sacramento River. One possible design is shown here.



A special aeration process devised by SP's response team was used to clean up the custom sodium from Lake Shasta.

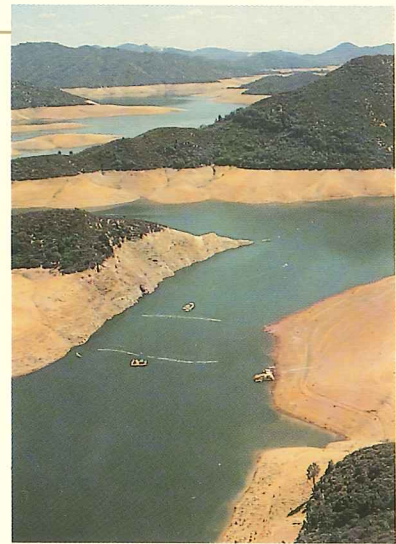
Southern Pacific Bulletin July/August/September 1991

Southern Pacific employee publication explains success in aggressive spills management

On the night of July 14, 1991, seven cars and a locomotive from a 97-car Southern Pacific Lines (SP) freight train derailed on a bridge over the Sacramento River—in an area of northern California known for its trout fishing. ♦ One of the tank cars derailed into the river, ruptured, and spilled approximately 20,000 gallons of the herbicide metham-sodium. Within hours, the herbicide, which is used to rid soils of weeds, worms, and insects, had done its work on the fish, insects, and vegetation along a 45-mile stretch of the river and in Lake Shasta. It was estimated that the herbicide killed 200,000 fish. And, Dunsmuir, California, a former railroad town that relies on tourism for its livelihood, was essentially closed to camping, hiking, and fishing. ♦ SP is one of nearly 300 companies that has an emergency response services

contract with OHM. Within hours after SP completed an initial assessment, OHM sent a first response team. OHM's engineers worked with the SP Hazmat Director to develop a regulatory compliance strategy which addressed the needs of the 53 different regulatory agencies involved. Within five days of the spill, SP and OHM designed two remedial plans to treat the metham-sodium plume in the river and Lake Shasta, with the objective to produce results quickly to protect the health and safety of the residents and restore tourism to Dunsmuir. ♦ Once regulatory approval was received to proceed with the Lake Shasta plan, SP and OHM technical personnel constructed and began operating a unique barge-mounted treatment system. Based

on an aeration concept, the system forced the plume of metham-sodium to the surface of the lake where it could decompose into vapors and harmlessly dissipate into the air. The system operated continuously for five days and successfully eliminated the contamination. ♦ Within one week of the derailment, Dunsmuir opened its doors to tourists. ♦ During this emergency, SP had a second major derailment on July 28, about 75 miles north of Los Angeles, which closed a major north/south highway for five days. OHM responded and provided the services needed to neutralize and remove the spilled chemicals.



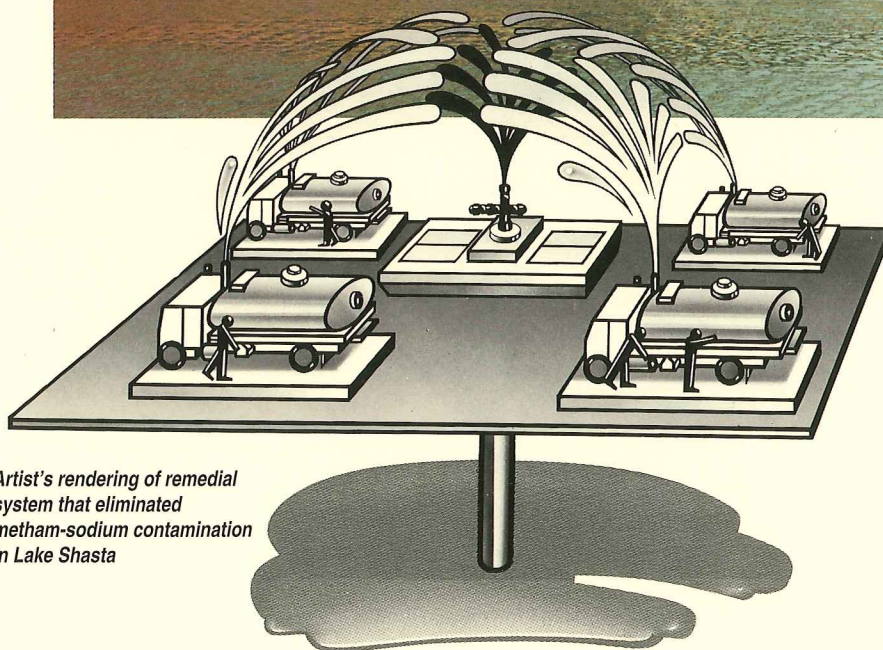
*Herbicide spilled from derailed train tank car contaminates 45 miles of Sacramento River*

### ***OHM Solution:***

Emergency spill response and fast-track remedial design services to construct, install, and operate custom built system to eliminate herbicide contamination.



*Southern Pacific and OHM custom-designed treatment system operating on Lake Shasta*



*Artist's rendering of remedial system that eliminated metham-sodium contamination in Lake Shasta*



## Setting the Standard

OHM is recognized as setting the standard in on-site environmental remediation against which our competition is judged.

"As you know, excellent field personnel are the key to success in the environmental business. This OHM Corporation crew was the best that I have worked with over the past 10 years. The project was completed on time and within the original projected cost."

"This letter is to express our sincere appreciation for a job well done on what often appeared to be 'mission impossible.' Now that the plant is back to some normalcy, we can thank you for helping to preserve the economic viability of the plant."

"Obviously, our goal is never to have emergency incidents; however, it is comforting to know that we have dedicated people like yourselves to respond should the need arise."

# **OHM Corporation**

## **1991 Financial Statements**

### **Table of Contents**

<b>Description</b>	<b>Page No.</b>
Quarterly Financial Data	18
Quarterly Stock Prices	18
Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Consolidated Balance Sheets	25
Consolidated Statements of Operations	26
Consolidated Statements of Changes in Stockholders' Equity	27
Consolidated Statements of Cash Flows	28
Notes to Consolidated Financial Statements	29
Report of Independent Auditors	38
Five Year Summary of Results of Operations	39
Five Year Summary of Financial Position	39

# OHM Corporation

## Quarterly Financial Data

(In Thousands, Except Per Share Data) (Unaudited)

1991	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Gross revenues	\$50,483	\$54,827	\$68,245	\$65,905
Net revenues	36,381	39,842	52,047	47,222
Gross profit	4,849	7,404	12,168	11,325
Selling, general and administrative expenses	7,273	7,503	8,766	8,420
Operating income (loss)	(2,424)	(99)	3,402	2,905
Net income (loss) from continuing operations	(3,507)	(4,151)	606	189
Net income (loss) per share from continuing operations	\$ (0.29)	\$ (0.34)	\$ 0.05	\$ 0.02

### 1990

Gross revenues	\$50,398	\$56,919	\$67,933	\$68,148
Net revenues	39,338	45,400	52,657	49,221
Gross profit	11,296	13,035	15,123	11,223
Selling, general and administrative expenses	6,788	6,777	7,234	7,136
Operating income	4,508	6,258	7,889	4,087
Income from continuing operations	1,390	8,517	3,124	1,363
Discontinued operations, net of income tax benefit:				
Loss from operations	(582)	(585)	(503)	(601)
Provision for loss on disposition	—	(753)	355	(5,797)
Net income (loss)	808	7,179	2,976	(5,035)

Net income (loss) per share:

Primary:

Continuing operations	\$ 0.12	\$ 0.71	\$ 0.26	\$ 0.11
Discontinued operations:				
From operations	(0.05)	(0.05)	(0.04)	(0.05)
From disposition	—	(0.06)	0.03	(0.48)
	\$ 0.07	\$ 0.60	\$ 0.25	\$ (0.42)

Fully diluted:

Continuing operations	\$ 0.12	\$ 0.65	\$ 0.26	\$ 0.11
Discontinued operations:				
From operations	(0.05)	(0.05)	(0.04)	(0.05)
From disposition	—	(0.06)	0.03	(0.48)
	\$ 0.07	\$ 0.54	\$ 0.25	\$ (0.42)

Note: The quarterly financial data for 1991 and 1990, have been presented to reflect the accounting for discontinued operations of certain business units. See Note 3 to the Consolidated Financial Statements.

Note: Amortization of goodwill was reclassified from miscellaneous expenses to selling, general and administrative expenses for each of the quarters ended December 31, 1991 and 1990.

## Quarterly Stock Prices

1991	High	Low
Fourth Quarter	8 <sup>1</sup> / <sub>8</sub>	5 <sup>7</sup> / <sub>8</sub>
Third Quarter	9 <sup>3</sup> / <sub>8</sub>	6 <sup>7</sup> / <sub>8</sub>
Second Quarter	11 <sup>7</sup> / <sub>8</sub>	8 <sup>1</sup> / <sub>2</sub>
First Quarter	13 <sup>3</sup> / <sub>8</sub>	9
1990	High	Low
Fourth Quarter	10	8
Third Quarter	14	8 <sup>3</sup> / <sub>4</sub>
Second Quarter	13 <sup>3</sup> / <sub>4</sub>	9
First Quarter	11 <sup>5</sup> / <sub>8</sub>	9

Note: The above table reflects, for the periods indicated, the high and low closing sale prices of the Company's common stock on the New York Stock Exchange as reported by The Wall Street Journal. As of December 31, 1991, the Company had approximately 942 stockholders of record.

Note: The Company has not declared any cash dividends on its common stock and does not intend to pay cash dividends in the foreseeable future.

# OHM Corporation

## Management's Discussion and Analysis of Financial Condition and Results of Operations

### Results of Operations

#### General

The Company provides a broad range of environmental and hazardous waste remediation services to its clients located primarily in the United States and Canada. The Company's operations are primarily comprised of its environmental remediation and asbestos abatement services businesses. The Company also has an investment in Concord Resources Group, Inc. ("Concord"), a joint venture with Consolidated Rail Corporation ("Conrail").

The timing of revenues is dependent on the Company's backlog, contract awards and the performance requirements of each contract. The Company's revenues are also affected by the timing of its clients' planned remediation and asbestos abatement work which generally increases during the third and fourth quarters. Because of this change in demand, the Company's quarterly revenues can fluctuate, and revenues for the first and second quarters of each year can normally be expected to be lower than the third and fourth quarters. Although the Company believes that the historical trend in quarterly revenues for the third and fourth quarters of each year is generally higher than the first and second quarters, there can be no assurance that this will occur in future years. Accordingly, quarterly or other interim results should not be considered indicative of results to be expected for any quarter or full fiscal year.

The Company's remediation services business was negatively impacted throughout 1991 by the recessionary economic conditions in its industrial sector markets. During the latter part of 1991, industrial sector activity began to improve. This improvement is, in part, due to the Company's efforts over the last two years to expand geographically its service capability. Also in 1991, the remediation services group was positively affected by substantially increased activity with its government sector clients, including the Company's Environmental Response and Cleanup Services ("ERCS") contracts with the United States Environmental Protection Agency ("EPA") and also as a result of several other contracts with the United States Army Corps of Engineers ("USACE") and other Federal agencies. For the year ended December 31, 1991, such factors have resulted in a slight decline in net revenues compared to 1990. The Company believes that the recent improvement in industrial sector activity will continue into 1992; however, the effects of the recessionary economic conditions may continue to negatively

impact the financial performance of the remediation services group into 1992.

The Company's asbestos abatement services business has been negatively affected in 1991 by the recessionary economy and weak commercial real estate market in the Northeastern United States. During 1991, the asbestos abatement group experienced both slackened demand for its services and pressure on profit margins arising from a competitive pricing environment. In the second half of 1991, the Company experienced certain improvements in its asbestos abatement business, including improved operating margins over the first half of the year. However, sluggish demand in the asbestos abatement industry will continue until such time that the general economic conditions and commercial real estate markets improve in the Northeastern United States.

In 1990, the Company adopted a plan to pursue the divestiture of its three commercial testing laboratories and its fixed-base hazardous waste treatment facility. These service areas of the Company's business have been accounted for as discontinued operations; and accordingly, the accompanying Consolidated Statements of Operations for the years ended December 31, 1991, 1990 and 1989, have been presented to report such businesses as discontinued operations. Effective September 16, 1991, the Company sold its three commercial testing laboratories for approximately \$13,300,000 in cash, subject to certain adjustments, and approximately \$1,400,000 representing assumption of certain liabilities by the buyer. See "Note 3 to Consolidated Financial Statements." The Company will operate and provide services through its fixed-base hazardous waste treatment facility until it is divested.

In 1991, the Company reclassified the amortization of goodwill from miscellaneous expenses to selling, general and administrative expenses for each of the years ended December 31, 1991, 1990, and 1989.

#### Continuing Operations 1991 vs. 1990

The following table sets forth the net revenues and operating income (loss) by the Company's service areas for the years ended December 31, 1991 and 1990:

Service Area	1991		1990	
	Net Revenues	Operating Income	Net Revenues	Operating Income
	(In Thousands)			
Remediation	\$137,670	\$ 6,452	\$141,051	\$18,724
Asbestos Abatement	37,822	3,391	45,565	7,951
Corporate Overhead	—	(6,059)	—	(3,933)
Totals	\$175,492	\$ 3,784	\$186,616	\$22,742

**Revenues.** Net revenues for the year ended December 31, 1991, decreased 6% to \$175,492,000 from \$186,616,000 for the same period in 1990, while gross revenues decreased 2% to \$239,460,000 for 1991 from \$243,398,000 for 1990.

The 2% decrease in net revenues from the Company's remediation services group for the year ended December 31, 1991, was primarily attributable to a \$7,639,000 or 8% decrease in net revenues from industrial clients, offset by a \$5,521,000 or 26% increase in net revenues from the Company's ERCS contracts during the year. While certain of the current ERCS contracts expired in late 1991 and others will expire in early 1992, the Company has been awarded two ERCS contracts by the EPA and several significant contracts with USACE and other Federal agencies during 1991. The Company is also actively pursuing several new contracts with the EPA, USACE and other Federal agencies. The decline in net revenues from industrial clients was primarily a result of the recessionary economic conditions experienced by such clients in 1991.

The 17% decrease in net revenues from the asbestos abatement services group for the year ended December 31, 1991, was attributable to declines in net revenues of \$4,640,000 or 13% from industrial clients and \$3,103,000 or 33% from other government clients. Such declines in the asbestos abatement services group's net revenues primarily reflect the continued impact of the recessionary business environment in the Northeastern United States.

The following tables set forth the Company's net and gross revenues by client type for the years ended December 31, 1991 and 1990:

	1991		1990	
	(In Thousands, Except Percentages)			
<b>Net Revenues:</b>				
Government, ERCS	\$ 27,162	16%	\$ 21,641	11%
Other Government	28,597	16	32,963	18
Industrial	119,733	68	132,012	71
Total Net Revenues	<u>\$175,492</u>	<u>100%</u>	<u>\$186,616</u>	<u>100%</u>
<b>Gross Revenues:</b>				
Government, ERCS	\$ 40,697	17%	\$ 32,409	13%
Other Government	43,928	18	45,291	19
Industrial	154,835	65	165,698	68
Total Gross Revenues	<u>\$239,460</u>	<u>100%</u>	<u>\$243,398</u>	<u>100%</u>

**Direct Subcontract Costs.** Direct subcontract costs for the year ended December 31, 1991, increased \$7,186,000 or 13% to \$63,968,000 from \$56,782,000 for the same period in 1990. Increases or decreases in direct subcontract costs generally result from varying requirements for the use of subcontractors in the contracts performed by the Company

during the year when compared to the contracts performed in the same period of the prior year. The increase in direct subcontract costs in 1991 is due primarily to an increase in contracts performed for government clients, including ERCS, which generally require more subcontract activities than industrial sector clients; and an increase in the usage of subcontract laborers on certain projects performed by the asbestos abatement group.

**Cost of Services.** Cost of services for the year ended December 31, 1991, increased 3% to \$139,746,000 from \$135,939,000 for the same period in 1990. Cost of services as a percentage of net revenues increased to 80% in 1991 from 73% for 1990. This increase in cost of services as a percentage of net revenues in 1991 was primarily attributable to lower margins from projects performed by each of the Company's service groups, higher indirect costs of services associated with the continued geographic expansion of the Company's remediation services group into the Southern and Western United States; and higher indirect costs of services as a percentage of net revenues from the asbestos abatement services group resulting from the decline in net revenues. The lower project margins in 1991 resulted primarily from competitive pricing pressures due to the recessionary economic conditions and a decrease in higher margin emergency net revenues combined with an increase in net revenues from government clients, including ERCS, which generally have lower margins.

**Gross Profit.** Gross profit for the year ended December 31, 1991, decreased \$14,931,000 or 30% to \$35,746,000 from \$50,677,000 for the same period in 1990. Gross profit as a percentage of net revenues declined to 20% for 1991 from 27% for 1990 as a result of the factors discussed above.

**Selling, General and Administrative Expenses.** Selling, general and administrative ("SGA") expenses for the year ended December 31, 1991, increased \$4,027,000 or 14% to \$31,962,000 from \$27,935,000 for the same period in 1990. The increase in SGA expenses during 1991 was primarily due to an increase in the provision for legal expenses and reserves, continued geographic expansion by the remediation service group into the Southern and Western regions of the United States, and the continued expansion by the asbestos abatement group into New York City and entry into the midwestern region of the United States. SGA expenses as a percentage of net revenues increased to 18% for 1991 from 15% for the same period in 1990, primarily as a result of the factors discussed above.



**Operating Income.** Operating income for the year ended December 31, 1991, decreased \$18,958,000 or 83% to \$3,784,000 from \$22,742,000 for the same period in 1990. The decrease is due primarily to the factors discussed above.

**Other (Income) Expenses.** Other (income) expenses, excluding nonrecurring and special charges, were \$8,407,000 for the year ended December 31, 1991, compared to \$9,175,000 for the same period in 1990. Interest expense for 1991 decreased 17% to \$6,897,000 from \$8,265,000 for the same period in 1990, due primarily to a decline in the average net borrowing outstanding under the Company's revolving credit facility. In June 1990, NSC completed an initial public offering of 1,725,000 shares of its common stock which resulted in net proceeds to the Company of \$21,142,000. In September 1991, the Company sold its three commercial testing laboratories for approximately \$13,300,000 in cash and assumption of certain liabilities by the buyer, subject to certain adjustments. The net proceeds from these transactions were used in 1990 and 1991 to reduce the balance outstanding under the revolving credit facility.

The Consolidated Statement of Operations for the year ended December 31, 1991, includes a special charge of \$3,950,000 or \$0.33 per share for the Company's portion of the equity losses from its investment in Concord. This special charge resulted primarily from start up costs incurred during the period and, in part, from Concord's decision to write off costs associated with its efforts to enter the solid waste disposal market. In the year ended December 31, 1990, the Company recorded a special charge of \$1,050,000 or \$0.05 per share of equity losses incurred by Concord during that period.

The Consolidated Statement of Operations for the year ended December 31, 1990, includes a nonrecurring gain of \$9,225,000 or \$0.70 per share which resulted from the initial public offering of NSC discussed above. This gain was offset in 1990 by nonrecurring charges of \$2,376,000 or \$0.12 per share which related primarily to a pension agreement and certain nonproductive assets.

**Income (Loss) from Continuing Operations.** Income (loss) from continuing operations for the year ended December 31, 1991, was \$(6,863,000) or \$(0.57) per share compared to \$14,394,000 or \$1.20 per share for the same period in 1990. Income (loss) per share from continuing operations, excluding the nonrecurring and special charges discussed above, was \$(0.24) per share for 1991 compared to \$0.68 per share for the same period in 1990. The effective income

tax rate was 20% for the year ended December 31, 1991, compared to 26% for the same period in 1990. See "Note 12 to Consolidated Financial Statements."

#### Discontinued Operations 1991 vs. 1990

As discussed above, the Company's Consolidated Statements of Operations for the years ended December 31, 1991, 1990, and 1989, have been presented to report discontinued operations separately from the Company's continuing operations. Loss from discontinued operations, net of income tax benefit, for 1990 was \$(2,271,000) or \$(0.19) per share. The provision for loss on disposition of the discontinued operations for 1990 was \$(6,195,000) or \$(0.52) per share. The loss before income tax benefit from discontinued operations of \$(3,503,000) and the loss from disposition of the commercial testing laboratories of \$(2,273,000) for 1991 were charged against the accrued liabilities for discontinued operations which were recorded as of December 31, 1990.

#### Net Income (Loss)

Net income (loss) for the year ended December 31, 1991, was \$(6,863,000) or \$(0.57) per share compared to \$5,928,000 or \$0.49 per share for the same period in 1990.

#### Continuing Operations 1990 vs. 1989

The following table sets forth the net revenues and operating income by the Company's service areas for the year ended December 31, 1990 and 1989:

Service Area	1990		1989	
	Net Revenues	Operating Income	Net Revenues	Operating Income
	(In Thousands)			
Remediation	\$141,051	\$18,724	\$107,766	\$11,972
Asbestos Abatement	45,565	7,951	31,688	6,260
Corporate Overhead	—	(3,933)	—	(3,820)
Totals	\$186,616	\$22,742	\$139,454	\$14,412

**Revenues.** Net revenues for the year ended December 31, 1990, increased 34% to \$186,616,000 from \$139,454,000 for the same period in 1989, while gross revenues increased 26% to \$243,398,000 for 1990 from \$193,171,000 for 1989.

The increases in net and gross revenues for 1990 reflected growth in both the Company's remediation and asbestos abatement services groups. The 31% increase in net revenues from

the remediation services group for 1990 was primarily attributable to increases in demand from industrial clients and from increases in work performed under various federal and state contracts. The 44% increase in net revenues from the asbestos abatement services group for 1990 resulted primarily from the continued expansion of its business in the metropolitan New York City market. The following tables set forth the Company's net and gross revenues by client type for the years ended December 31, 1990 and 1989:

	1990		1989	
	(In Thousands, Except Percentages)			
<b>Net Revenues:</b>				
Government, ERCS	\$ 21,641	11%	\$ 18,502	13%
Other Government	32,963	18	14,021	10
Industrial	132,012	71	106,931	77
<b>Total Net Revenues</b>	<b>\$186,616</b>	<b>100%</b>	<b>\$139,454</b>	<b>100%</b>
<b>Gross Revenues:</b>				
Government, ERCS	\$ 32,409	13%	\$ 36,624	19%
Other Government	45,291	19	26,969	14
Industrial	165,698	68	129,578	67
<b>Total Gross Revenues</b>	<b>\$243,398</b>	<b>100%</b>	<b>\$193,171</b>	<b>100%</b>

The 135% increase in net revenues from other government clients for 1990 resulted primarily from substantial increases in work performed under the Company's various state and local government contracts and in part from substantial increases in net revenues from the Company's USACE contracts, which were awarded in late 1989.

**Direct Subcontract Costs.** Direct subcontract costs for the year ended December 31, 1990, increased \$3,065,000 or 6% to \$56,782,000 from \$53,717,000 for the same period in 1989.

**Cost of Services and Gross Profit.** Cost of services for the year ended December 31, 1990, increased 36% to \$135,939,000 from \$100,220,000 for the same period in 1989, and as a percent of net revenues were 73% for 1990 compared to 72% for 1989. Gross profit increased \$11,443,000 or 29% to \$50,677,000 for 1990 from \$39,234,000 for 1989. Gross profit as a percentage of net revenues was 27% for 1990 compared to 28% for 1989. The slight decrease in gross profit as a percentage of net revenues was primarily due to lower margins on certain asbestos abatement projects performed in the metropolitan New York City market and from increased price competition in the asbestos abatement services market in the Northeastern United States.

**Selling, General and Administrative Expenses.** Selling, general and administrative ("SGA") expenses for the year ended December 31, 1990, increased \$3,113,000 or 13% to

\$27,935,000 from \$24,822,000 for the same period in 1989. However, SGA expenses as a percentage of net revenues declined to 15% for 1990 from 18% for 1989 due primarily to the growth in net revenues at a rate in excess of the growth in the Company's SGA expenses.

**Operating Income.** Operating income for the year ended December 31, 1990, increased \$8,330,000 or 58% to \$22,742,000 from \$14,412,000 for the same period in 1989. Operating income as a percentage of net revenues was 12% for 1990 compared to 10% for 1989 as a result of the factors discussed above.

**Other (Income) Expenses.** Other (income) expenses, excluding nonrecurring and special charges, for the year ended December 31, 1990, were \$9,175,000 compared to \$7,243,000 for the same period in 1989. The net increase of \$1,932,000 for 1990 was due primarily to interest expense for 1990 which increased \$1,292,000 or 19% to \$8,265,000 from \$6,973,000 for 1989 as a result of increases in borrowings under the Company's revolving credit facility prior to the initial public offering of NSC's common stock in June 1990. In addition, minority interest in NSC's net income of \$717,000, which resulted from its initial public offering, was also included in other (income) expenses for 1990.

For the year ended December 31, 1990, the Company recorded a nonrecurring gain of \$9,225,000 or \$0.70 per share which resulted from the initial public offering of 1,725,000 shares of common stock of NSC in June 1990. This gain was offset by nonrecurring charges totaling \$2,376,000 or \$0.12 per share which primarily related to a pension agreement and certain nonproductive assets. In addition, a special charge of \$1,050,000 or \$0.05 per share for the Company's share of equity losses from its investment in Concord Resources Group, Inc. ("Concord") further offset this gain.

**Income From Continuing Operations.** Income from continuing operations for the year ended December 31, 1990, increased to \$14,394,000 or \$1.20 per share from \$4,303,000 or \$0.35 per share for the same period in 1989. Income per share from continuing operations, excluding the nonrecurring and special charges discussed above, was \$0.68 per share for 1990 compared to \$0.35 per share for 1989. The effective income tax rate for 1990 was 25.7% compared to 40.0% for 1989. See "Note 12 to Consolidated Financial Statements." Income from continuing operations as a percentage of net revenues, excluding nonrecurring transactions, was 4% for 1990 compared to 3% for 1989.

## Discontinued Operations

### 1990 vs. 1989

In connection with the plan of divestiture of its commercial testing laboratories, treatment and storage facility, and mobile solvent recycling technology, the Company recorded a provision for loss on disposition in the amount of \$(6,195,000) or \$(0.52) per share, net of income tax benefit, for the year ended December 31, 1990. The provision for loss on disposition consisted of the write-down of such assets to their estimated net realizable value, expected operating losses through the date of divestiture, and accruals for certain other items associated with this plan of divestiture. Loss from discontinued operations, net of income tax benefit, for the year ended December 31, 1990, was \$(2,271,000) or \$(0.19) per share compared to \$(2,611,000) or \$(0.21) per share for the same period in 1989.

### Net Income

Net income for the period ended December 31, 1990, increased to \$5,928,000 or \$0.49 per share from \$1,692,000 or \$0.14 per share for the same period in 1989. Net income as a percentage of net revenues was 3% for 1990 compared to 1% for 1989.

### Liquidity and Capital Resources

Cash and cash equivalents at December 31, 1991, were \$4,684,000, compared to \$9,107,000 at December 31, 1990. Working capital at December 31, 1991, was \$60,712,000, compared to \$41,808,000 at December 31, 1990. The working capital ratio was 2.4/1 at December 31, 1991, compared to 1.8/1 at December 31, 1990. Working capital increased primarily due to the increase in accounts receivable during the period in 1991 resulting from the repurchase of \$30,000,000 of accounts receivable which had been sold under the Company's non-recourse revolving accounts receivable purchase and sale facility.

Cash and cash equivalents provided by operating activities were \$11,918,000 for the year ended December 31, 1991, compared to \$11,546,000 for the same period in 1990. The net increase of \$372,000 primarily reflects the net loss from operations during 1991, offset by a decrease in working capital requirements of \$2,883,000 in 1991, compared to an increase in working capital requirements of \$7,435,000 for the same period in 1990. Cash flows provided by investing activities in 1991 were \$3,670,000, compared to cash flows used in investing activities of \$17,058,000 in 1990. Cash flows provided by investing activities in 1991 included \$13,300,000 of cash received from the sale of the Company's commercial testing laboratories in September 1991.

In 1991, net purchases of property and equipment aggregated \$6,093,000, compared to \$13,090,000 for the same period in 1990. Also, the 1991 period included \$450,000 of cash contributions to Concord, compared to \$3,800,000 for the same period in 1990. Cash flows used in financing activities were \$20,011,000 for 1991, compared to cash flows provided by financing activities of \$7,159,000 for the same period in 1990. Cash flows used in financing activities in the 1991 period included net repayments of amounts borrowed under the Company's credit facility of \$20,000,000, primarily as a result of the sale of the Company's commercial testing laboratories and the improvement in working capital requirements. Cash flows provided by financing activities in the 1990 period included the net proceeds of \$21,142,000 from the initial public offering of NSC, offset by net repayments of amounts borrowed under the credit facility of \$14,000,000. The amounts outstanding under the Company's credit facility at December 31, 1991 and 1990 were \$24,000,000 and \$14,000,000, respectively. The Company had sold \$30,000,000 of accounts receivable under a non-recourse revolving accounts receivable purchase and sale facility at December 31, 1990, which, at December 31, 1991, had been repurchased using borrowings under the revolving credit facility. The long-term debt to stockholders' equity ratio was 1.7/1 at December 31, 1991, compared to 1.3/1 at December 31, 1990, primarily as a result of the repurchase of the \$30,000,000 of accounts receivable discussed above.

On October 9, 1991, the Company entered into an amendment and extension of its revolving credit facility with a group of banks. The amended agreement provides availability for letters of credit and cash borrowings of up to \$140,000,000, of which cash borrowings may not exceed \$60,000,000. The amended agreement replaces the previous revolving credit facility of \$137,500,000 and the Company's non-recourse revolving accounts receivable purchase and sale facility of \$30,000,000. Both of these agreements were scheduled to expire on June 1, 1992. In conjunction with the execution of the amended agreement, the Company repurchased the \$30,000,000 of accounts receivable which previously had been sold under the non-recourse revolving accounts receivable purchase and sale facility. The amended agreement has an expiration date of September 1, 1993.

In connection with Concord's acquisition of Soretex Inc., principal and accrued interest of approximately \$24.4 million will be outstanding at March 31, 1992 under Concord's credit facility with an affiliate of Conrail (the "Soretex Borrowings"). The Soretex Borrowings presently are due and payable on March 31, 1992 and, in the event

the Soretex Borrowings are not refinanced or further extended by Conrail, Conrail may request that additional working capital contributions be made to Concord by Conrail and the Company sufficient in amount to enable Concord to repay the Soretex Borrowings. While the Company is under no obligation to make such additional working capital contributions, to the extent it fails to do so, the equity interest of the Company in Concord may be significantly reduced. To the extent the Company elects to contribute additional working capital to Concord, the Company anticipates it will have sufficient resources to make any such contribution.

The divestiture of the Company's commercial laboratories was completed in September 1991. The accrued liabilities provided in 1990 for the divestiture of these laboratories were adequate and the sale did not have an impact on the Company's results of operations for the year ended December 31, 1991. The Company will continue to pursue the divestiture of its fixed-base hazardous waste treatment and storage facility. Although accrued liabilities were provided in 1990 for the ultimate sale of this facility, there can be no assurance that the Company will be able to complete the sale. The Company does not believe, however, that the divestiture of this facility will have a material impact on its future results of operations or cash flows.

In June 1990, the Company recognized a nonrecurring gain of \$9,225,000 or \$0.70 per share which resulted from the

initial public offering of 1,725,000 shares or 30% of the common stock of NSC Corporation ("NSC") at \$13.50 per share. NSC received \$21,142,000 of net proceeds from this transaction. The Company does not presently have any plans to sell any portion of its remaining shares, but there can be no assurance that a future sale of shares of NSC common stock by NSC or the Company may not occur.

The Company believes that its cash flows from continuing operations, combined with its revolving credit facility, will be sufficient throughout the next twelve months to finance the capital expenditure and working capital needs of its existing operations.

In assessing the Company's liquidity and capital resources, the impact of Financial Accounting Standards Board Statement No. 109, "Accounting for Incomes Taxes," has been considered. Although the requirement for implementation of such Standard occurs in 1993, the Company believes that implementation in 1992 would not have an adverse impact on its financial position.

#### **Inflation**

Historically, inflation has not been a significant factor to the Company or to the cost of its operations. The Company has generally been able to raise prices in the past to compensate for cost increases.

# OHM Corporation

## Consolidated Balance Sheets

(In Thousands)

December 31,	1991	1990
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,684	\$ 9,107
Accounts receivable	65,125	46,203
Costs and estimated earnings on contracts in process in excess of billings	19,257	17,818
Inventories	6,822	8,640
Prepaid expenses and other assets	6,697	7,919
Refundable income taxes	424	2,045
	<b>103,009</b>	<b>91,732</b>
Property and equipment, net	<b>55,594</b>	<b>67,653</b>
Other noncurrent assets:		
Investment in corporate joint venture	—	3,500
Debt issuance costs	1,590	1,697
Intangible assets relating to acquired businesses	26,373	27,875
Other assets	3,177	1,333
	<b>31,140</b>	<b>34,405</b>
<b>Total Assets</b>	<b>\$189,743</b>	<b>\$193,790</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 22,845	\$ 22,089
Billings on contracts in process in excess of costs and estimated earnings	344	521
Accrued compensation and related taxes	5,093	6,788
Federal, state and local income taxes	400	97
Deferred income taxes	1,578	2,692
Accrued liabilities for discontinued operations	3,649	9,425
Other accrued liabilities	8,294	8,224
Current portion of noncurrent liabilities	94	88
	<b>42,297</b>	<b>49,924</b>
Noncurrent liabilities:		
Long-term debt	81,500	71,500
Capital leases	41	27
Pension agreement	931	1,052
	<b>82,472</b>	<b>72,579</b>
Deferred income taxes	4,207	4,678
Minority interest in equity of consolidated subsidiary	12,514	11,866
Stockholders' equity:		
Preferred stock, \$10.00 par value, 1,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$.10 par value, 50,000,000 shares authorized; 12,398,089 shares issued in 1991 and 1990	1,239	1,239
Additional paid-in capital	28,948	29,006
Retained earnings	22,263	29,050
	<b>52,450</b>	<b>59,295</b>
Less treasury stock, 347,529 shares in 1991 and 376,959 shares in 1990, at cost	(4,197)	(4,552)
	<b>48,253</b>	<b>54,743</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$189,743</b>	<b>\$193,790</b>

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

# OHM Corporation

## Consolidated Statements of Operations

(In Thousands, Except Per Share Data)

Years Ended December 31,	1991	1990	1989
Gross revenues	\$239,460	\$243,398	\$193,171
Less direct subcontract costs	63,968	56,782	53,717
Net Revenues	175,492	186,616	139,454
Cost of services	139,746	135,939	100,220
Gross Profit	35,746	50,677	39,234
Selling, general and administrative expenses	31,962	27,935	24,822
Operating Income	3,784	22,742	14,412
Other (income) expenses:			
Investment income	(30)	(109)	(238)
Interest expense	6,897	8,265	6,973
Gain on sale of common stock of subsidiary	—	(9,225)	—
Equity loss on investment in corporate joint venture	3,950	1,050	—
Minority interest in net income of consolidated subsidiary	648	717	—
Miscellaneous and nonrecurring charges	892	2,678	508
	12,357	3,376	7,243
Income (Loss) From Continuing Operations Before Income Taxes (Benefit)	(8,573)	19,366	7,169
Income taxes (benefit)	(1,710)	4,972	2,866
Income (Loss) From Continuing Operations	(6,863)	14,394	4,303
Discontinued operations, net of income tax benefit:			
Loss from operations	—	(2,271)	(2,611)
Provision for loss on disposition	—	(6,195)	—
Net Income (Loss)	\$ (6,863)	\$ 5,928	\$ 1,692
Net income (loss) per share:			
Continuing operations	\$ (0.57)	\$ 1.20	\$ 0.35
Discontinued operations:			
Loss from operations	—	(0.19)	(0.21)
From disposition	—	(0.52)	—
	\$ (0.57)	\$ 0.49	\$ 0.14
Weighted average number of common and common equivalent shares outstanding	12,042	12,015	12,312

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

# OHM Corporation

## Consolidated Statements of Changes in Stockholders' Equity

(In Thousands, Except Share Data)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock
	Number of Shares	Amount			
Balance at December 31, 1988	12,394,755	\$1,239	\$30,120	\$21,515	\$(1,795)
Stock options exercised, 175,550 shares reissued from treasury			(1,140)		2,035
Issuance of common stock	3,334	—	47		
Deferred translation adjustments				10	
Purchase of 399,800 shares of treasury stock					(5,024)
Net income				1,692	
Balance at December 31, 1989	12,398,089	1,239	29,027	23,217	(4,784)
Stock options exercised, 19,115 shares reissued from treasury			(21)		232
Deferred translation adjustments				(95)	
Net income				5,928	
Balance at December 31, 1990	12,398,089	1,239	29,006	29,050	(4,552)
Stock options exercised, 29,430 shares reissued from treasury			(58)		355
Deferred translation adjustments				76	
Net loss				(6,863)	
Balance at December 31, 1991	12,398,089	\$1,239	\$28,948	\$22,263	\$(4,197)

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

# OHM Corporation

## Consolidated Statements of Cash Flows

(In Thousands)

Years Ended December 31,	1991	1990	1989
Cash flows from operating activities:			
Net income (loss)	\$(6,863)	\$ 5,928	\$ 1,692
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	10,571	10,572	8,809
Amortization of other noncurrent assets	1,491	1,711	2,290
Deferred income taxes	(1,585)	(442)	2,508
Loss on sale of property and equipment	769	239	134
Unrealized gain on marketable securities	—	—	(131)
Gain on sale of marketable securities	—	(45)	—
Gain on sale of common stock of subsidiary	—	(9,225)	—
Equity loss on investment in corporate joint venture	3,950	1,050	—
Minority interest in net income of consolidated subsidiary	648	717	—
Nonrecurring charges	—	2,376	—
Provision for loss on disposition of discontinued operations, including deferred income tax benefit	—	6,195	—
Deferred translation adjustments and other	54	(95)	177
Net cash flow provided by operating activities before changes in current assets and liabilities, net of effect of businesses sold	9,035	18,981	15,479
Changes in current assets and liabilities, net of effect of businesses sold:			
Accounts receivable	4,826	(1,079)	(20,748)
Costs and estimated earnings on contracts in process in excess of billings	(1,439)	(4,287)	(3,035)
Inventories	1,010	(2,574)	(1,681)
Prepaid expenses and other assets	802	(3,502)	27
Refundable income taxes	1,621	(296)	(942)
Accounts payable	1,601	1,485	2,521
Billings on contracts in process in excess of costs and estimated earnings	(177)	295	(572)
Accrued compensation and related taxes	(1,641)	368	1,848
Federal, state and local income taxes	303	(187)	(498)
Accrued liabilities for discontinued operations	(4,193)	—	—
Other accrued liabilities	170	2,342	(1,118)
Net cash flow provided by (used in) operating activities	11,918	11,546	(8,719)
Cash flows from investing activities:			
Purchases of property and equipment	(6,593)	(14,350)	(14,572)
Proceeds from sale of property and equipment	500	1,260	152
Increase in other noncurrent assets	(3,087)	(662)	(2,138)
Equity contributions to investment in corporate joint venture	(450)	(3,800)	(750)
Proceeds from sale of marketable securities	—	494	—
Proceeds from sale of commercial testing laboratory business	13,300	—	—
Payments for companies acquired	—	—	(5,337)
Net cash provided by (used in) investing activities	3,670	(17,058)	(22,645)
Cash flows from financing activities:			
Proceeds from sale of accounts receivable	—	—	30,000
Payments on long-term debt and capital leases	(209)	(138)	(1,371)
Proceeds from borrowing under revolving credit and term loan	99,000	78,000	97,400
Payments on revolving credit and term loan	(89,000)	(92,000)	(87,000)
Repurchase of accounts receivable	(30,000)	—	—
Payments on pension agreement	(99)	(56)	—
Proceeds from issuance of common stock	—	—	47
Proceeds from issuance of common stock of subsidiary	—	21,142	—
Reissuance of treasury stock	297	211	895
Purchases of treasury stock	—	—	(5,024)
Net cash provided by (used in) financing activities	(20,011)	7,159	34,947
Net increase (decrease) in cash and cash equivalents	(4,423)	1,647	3,583
Cash and cash equivalents at beginning of year	9,107	7,460	3,877
Cash and cash equivalents at end of year	\$ 4,684	\$ 9,107	\$ 7,460

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



# OHM Corporation

## Notes to Consolidated Financial Statements

December 31, 1991

### Note 1 — Summary of Significant Accounting Policies

**Basis of Presentation and Principles of Consolidation** The accompanying consolidated financial statements include the accounts of OHM Corporation (the "Company") and its subsidiaries, including NSC Corporation ("NSC") which is 70 percent owned by the Company. The minority stockholders' interest in the equity and net income of NSC is presented separately in the accompanying consolidated financial statements. Investment in Concord Resources Group, Inc. ("Concord"), a 50 percent owned corporate joint venture, is accounted for using the equity method. All material intercompany transactions and balances have been eliminated in consolidation.

**Revenue and Cost Recognition** The Company primarily derives its revenues from providing environmental services under time and materials, fixed price and unit price contracts. The Company records revenues and related income from its fixed and unit price contracts in process using the percentage-of-completion method of accounting. Anticipated losses on these contracts are recorded when identified. Revenues from time and materials type contracts are recorded based on performance and efforts expended. Contract costs include all direct labor, material, per diem, subcontract and other direct and indirect project costs related to contract performance. Revenues derived from non-contract activities are recorded as the services are performed.

**Direct Subcontract Costs** The Company incurs a substantial amount of direct subcontract costs which are passed through to its clients. These costs result from the use of subcontractors on projects principally for transportation and disposal of hazardous wastes; and in some cases for analytical and remediation services, where contracts or other business conditions require the use of subcontractors. The Company believes that net revenues, excluding direct subcontract costs, more accurately reflect the amounts earned for activities performed by the Company. Accordingly, the Company reports direct subcontract costs as a reduction of gross revenues to arrive at net revenues.

**Marketable Securities** Marketable securities are stated at the lower of cost or market value at the balance sheet date. Marketable securities reported in the December 31, 1989 consolidated balance sheet were \$449,000, for which the aggregate cost was \$561,000. A net realized gain of \$45,000 on the sale of marketable securities was included in net income for the year ended December 31, 1990. The

cost of the securities sold is based on the average cost of all shares of each security held at time of sale.

**Inventories** Inventories are comprised primarily of operating supplies and are stated at the lower of cost or market. Cost is determined using the first-in, first out (FIFO) method.

**Property and Equipment** Property and equipment are carried at cost and include expenditures which substantially increase the useful lives of the assets. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation and amortization, including amortization of capital leases, are provided on a specific item basis net of salvage value over the estimated useful lives of the respective assets, using primarily the straight-line method.

**Intangible Assets** Intangible assets consist principally of goodwill and other intangible assets resulting primarily from acquisitions accounted for using the purchase method of accounting. Goodwill is amortized using the straight-line method over twenty-five to forty years. Effective January 1, 1990, the Company changed the amortization period for goodwill related to the acquisition of NSC from twenty-five to forty years in order to better reflect its estimated useful life. The effect of this change in the estimated useful life for goodwill was to decrease the amortization by \$297,000 or increase net income per share by \$0.02, for each of the years ended December 31, 1991 and 1990. Amortization of goodwill is included in selling, general and administrative expenses and was \$545,000, \$555,000, and \$796,000 for the years ended December 31, 1991, 1990, and 1989, respectively. Other intangible assets relating to acquired businesses consist principally of permitting and licensing costs, proprietary processes, noncompetition agreements, and other deferred costs, and are amortized on a straight-line basis over five to twenty-five years. The accumulated amortization of intangible assets, including goodwill, relating to acquired businesses was \$3,912,000 and \$3,422,000 at December 31, 1991 and 1990, respectively.

**Capital Leases** Certain lease transactions are accounted for as installment purchases. Such costs are amortized over the asset's economic life using the straight-line method and are included in depreciation and amortization expense.

**Gain Recognition on Sale of Subsidiaries' Stock** It is the Company's policy to record gains from sale or usage of previously unissued stock by its subsidiaries.

**Income Taxes** Deferred income taxes are recognized for income and expense items that are reported for financial reporting purposes in different years than for income tax purposes. The Company accounts for investment tax credits using the flow-through method. The Company has not implemented the provisions of Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes." When implemented, the Company believes that this pronouncement will not have an adverse impact on its financial position.

**Statements of Cash Flows** The Company considers all short-term deposits and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Supplemental cash flow information is summarized as follows:

Years Ended December 31,	1991	1990	1989
	(In Thousands)		
Cash paid for:			
Interest	\$8,410	\$9,745	\$8,045
Income taxes	702	3,615	1,267

With respect to non-cash investing and financing activities, the Company acquired \$627,000 of assets under capital lease obligations for the year ended December 31, 1991.

**Net Income Per Share** Net income per share amounts are based on the weighted average common and common equivalent shares outstanding during the respective periods. Shares of common stock issuable upon conversion of the 8% Convertible Subordinated Debentures due 2006 are not considered to be common stock equivalents and were antidilutive in each of the years presented; therefore, they were excluded from the calculations of net income per share.

**Reclassification** Certain amounts presented for the years ended December 31, 1990 and 1989 have been reclassified to conform to the 1991 presentation. Amortization of goodwill was reclassified from miscellaneous expenses to selling, general and administrative expenses for each of the years ended December 31, 1991, 1990 and 1989.

#### Note 2 — Acquisitions

Effective June 1, 1988, the Company acquired National Surface Cleaning, Inc. ("NSCI") which provides asbestos abatement and decontamination services. The purchase price consisted of \$16,750,000 in cash, 428,134 shares of the Company's common stock with a market value of \$5,250,000, acquisition related costs of \$692,000. As a result of NSCI's

income from operations for the year ended December 31, 1988, the Company made an additional payment of \$5,337,000 in 1989. The acquisition was recorded using the purchase method of accounting.

Effective December 31, 1988, the Company acquired all of the outstanding capital stock of SolidTek Systems, Inc. (subsequently renamed OHM Resource Recovery Corp. and hereinafter referred to as "RRC"), which provides hazardous waste treatment and recycling services, for a cost of approximately \$1,179,000. The Company has agreed to make additional payments commencing in 1990 through 1993, contingent upon the achievement of certain operating results and other contractual conditions. There was no additional payment due for this contractual contingency during the years ended December 31, 1991 and 1990, respectively. The acquisition was recorded as of December 31, 1988, using the purchase method of accounting.

#### Note 3 — Discontinued Operations

During the fourth quarter of 1990, the Company adopted a plan to pursue various alternatives relating to the divestiture of its commercial testing laboratories and its treatment and storage facility located in Atlanta, Georgia. In addition, the Company sold substantially all of the assets of its mobile solvent recycling technology for \$799,000 during the fourth quarter of 1990. These service areas of the Company's business are being accounted for as discontinued operations and, accordingly, the accompanying consolidated statements of operations for the years ended December 31, 1991, 1990, and 1989, have been presented to reflect such plan.

On September 16, 1991, the Company, through its wholly-owned subsidiary, Environmental Testing and Certification Corp. ("ETC"), completed the sale of the assets of ETC's commercial testing laboratories located at Edison, New Jersey, Santa Rosa, California, and Baton Rouge, Louisiana, and its related data management services to Applied Bioscience International, Inc., pursuant to an Asset Purchase Agreement dated August 27, 1991. The purchase price received by the Company for the sale of the assets of these laboratories consisted of (i) \$13,300,000 in cash, subject to adjustment based upon the closing statement of assets and liabilities for the laboratories sold as of September 15, 1991; and (ii) approximately \$1,400,000, represented by the assumption of certain liabilities by the buyer related to the laboratories sold.

The estimated losses and related income tax benefits on the disposition of the respective discontinued operations, which have been reflected in the consolidated statements of

operations and consolidated balance sheets for the years ended December 31, 1991 and 1990, are set forth below:

	Accrued Liabilities for Discontinued Operations	Deferred Income Taxes	Total
(In Thousands)			
Provision for Loss on Disposition:			
Analytical testing laboratories	\$5,272	\$(2,004)	\$3,268
Treatment and storage facility	4,153	(1,578)	2,575
Mobile solvent recycling technology	568	(216)	352
	9,993	(3,798)	6,195
Disposition of mobile solvent recycling technology	(568)	216	(352)
Balance at December 31, 1990	9,425	(3,582)	5,843
Net loss from operations	(3,503)	1,448	(2,055)
Loss on disposition of analytical testing laboratories	(2,273)	935	(1,338)
Balance at December 31, 1991	\$3,649	\$(1,199)	\$2,450

The provision for loss on disposition, recorded at December 31, 1990, consisted of the write-down of such assets to their estimated net realizable value, expected operating losses through the date of divestiture, and accruals for certain other items associated with the plan of divestiture. The Company will continue to operate and provide services through its treatment and storage facility until it is divested.

The following table summarizes the combined results of operations of the discontinued operations for the periods presented:

Years Ended December 31,	1991	1990	1989
(In Thousands)			
Gross revenues	\$25,675	\$30,901	\$27,076
Gross profit	5,344	6,259	4,807
Operating loss	(2,139)	(1,987)	(3,051)
Net loss from operations	(2,055)	(2,271)	(2,611)

Interest expense has been allocated to discontinued operations for all periods based on the ratio of net assets of discontinued operations to consolidated net assets plus debt. Interest expense that was allocated to the combined discontinued operations amounted to \$1,486,000, \$1,637,000, and \$1,285,000 for the years ended December 31, 1991, 1990, and 1989, respectively. The following table summarizes the combined net assets of the discontinued operations, including the anticipated income tax benefit, which have been included

in the respective captions in the consolidated balance sheets as of December 31, 1991 and 1990:

December 31,	1991	1990
(In Thousands)		
Current assets	\$ 2,516	\$10,980
Property and equipment, net	4,347	12,968
Other noncurrent assets	7,165	7,984
Current liabilities	(5,665)	(12,457)
Noncurrent liabilities	—	(5)
Net Assets of Discontinued Operations	\$ 8,363	\$19,470

#### Note 4 — Accounts Receivable

Accounts receivable are summarized as follows:

December 31,	1991	1990
(In Thousands)		
Accounts billed and due currently	\$45,509	\$26,265
Unbilled receivables	16,648	19,097
Retained	4,479	3,153
	66,636	48,515
Allowance for uncollectible accounts	(1,511)	(2,312)
	\$65,125	\$46,203

Unbilled receivables represent revenues on completed contracts and non-contract services performed for which billings have not been presented to customers. Unbilled receivables include amounts relating to contracts with federal government agencies which require services performed by the Company's subcontractors to be paid prior to billing. The unbilled and retained receivables at December 31, 1991, are expected to be collected within one year.

On June 1, 1989, the Company entered into a \$30,000,000 non-recourse revolving accounts receivable purchase and sale facility for an initial period of up to three years. On October 9, 1991, the Company entered into an amendment and extension of its revolving credit facility with a group of banks, certain provisions of which included the termination of its \$30,000,000 non-recourse revolving accounts receivable purchase and sale facility. Accounts receivable at December 31, 1990 would have amounted to \$76,203,000, as adjusted for the termination of this agreement. Under the terms of the agreement, the Company sold new billed and unbilled accounts receivable as collections or other eligibility factors reduced previously sold accounts. The Company was obligated to pay fees which approximated the purchaser's cost of issuing a like amount of commercial paper. The amount of such fees are included in interest expense and were \$1,678,000, \$2,651,000 and \$1,771,100 for the years ended

December 31, 1991, 1990, and 1989, respectively. The average cost of such fees was approximately 7.2%, 8.8% and 10.0% for the years ended December 31, 1991, 1990, and 1989, respectively. Obligations arising under this agreement were collateralized by certain unsold billed and unbilled accounts receivable of the Company. At December 31, 1990 and 1989, \$30,000,000 in billed and unbilled accounts receivable were sold under this agreement.

#### Note 5 — Cost and Earnings on Contracts in Process

The consolidated balance sheets include the following amounts:

December 31,	1991	1990
	(In Thousands)	
Costs incurred on contracts in process	\$ 76,634	\$ 84,754
Estimated earnings	16,564	15,984
	<u>93,198</u>	<u>100,738</u>
Less billings to date	(74,285)	(83,441)
	<u>\$ 18,913</u>	<u>\$ 17,297</u>
Costs and estimated earnings on contracts in process in excess of billings	\$ 19,257	\$ 17,818
Billings on contracts in process in excess of costs and estimated earnings	(344)	(521)
	<u>\$ 18,913</u>	<u>\$ 17,297</u>

The Company provides a broad range of environmental and hazardous waste remediation services to industrial, federal government agencies, and state and local government agencies located primarily in the United States and Canada. The Company's industrial, federal government, and state and local government clients constituted 62%, 26%, and 12%, respectively, of total accounts receivable and costs and earnings on contracts in process at December 31, 1991.

#### Note 6 — Prepaid Expenses and Other Assets

Prepaid expenses and other assets are summarized as follows:

December 31,	1991	1990
	(In Thousands)	
Prepaid insurance	\$2,652	\$4,240
Project deposit	970	—
Employee and other non-trade receivables	807	1,544
Other	2,268	2,135
	<u>\$6,697</u>	<u>\$7,919</u>

#### Note 7 — Property and Equipment

Property and equipment is summarized as follows:

December 31,	1991	1990
	(In Thousands)	
Land	\$ 1,962	\$ 1,962
Buildings and improvements	19,903	22,425
Machinery and equipment	66,821	79,752
Construction in progress	2,027	3,192
	<u>90,713</u>	<u>107,331</u>
Less accumulated depreciation and amortization	(35,119)	(39,678)
	<u>\$ 55,594</u>	<u>\$ 67,653</u>

#### Note 8 — Investment in Corporate Joint Venture

On April 11, 1989, the Company and Consolidated Rail Corporation ("Conrail") formed Concord, a joint venture, to site, design, develop and operate a network of state-of-the-art fixed base treatment and disposal facilities for hazardous waste. The joint venture has been funded with \$10,000,000 of equity, with contributions of \$5,000,000 each made by the Company and Conrail. The Company made contributions to Concord of \$450,000, \$3,800,000 and \$750,000 during the years ended December 31, 1991, 1990 and 1989, respectively. Pursuant to the original agreement of general partnership, the first \$2,000,000 of net losses of Concord has been allocated to Conrail. In the event net losses are allocated to Conrail, then prior to allocation of net income among the partners on an equal percentage basis, Conrail shall be allocated an amount of net income equal to 115% of the amount of such net losses previously allocated. For financial reporting purposes, the Company recognized equity losses of \$3,950,000 and \$1,050,000 on its investment in Concord for the years ended December 31, 1991 and 1990, respectively, and none for the year ended December 31, 1989. After recording these equity losses, the Company's investment in Concord was written down to zero at December 31, 1991.

Effective January 23, 1991, Concord was incorporated in the state of Delaware. Concord was a general partnership prior to the date of its incorporation. On January 26, 1991, Concord completed the acquisition of Soretex Inc. Soretex Inc.'s subsidiary, Stablex Canada, Inc., operates a hazardous waste treatment and disposal facility near Montreal, Quebec. On July 19, 1991, Concord acquired Highway 36 Land Development Company, which operates a hazardous waste treatment and disposal facility near Last Chance, Colorado.

In connection with Concord's acquisition of Soretex Inc., outstanding principal and accrued interest of approximately \$23.7 million was borrowed at December 31, 1991 under Concord's credit facility with an affiliate of Conrail (the "Soretex Borrowings"). The Soretex Borrowings presently are due and payable on March 31, 1992 and, in the event the Soretex Borrowings are not refinanced or further extended by Conrail, Conrail may request that additional working capital contributions be made to Concord by Conrail and the Company sufficient in amount to enable Concord to repay the Soretex Borrowings. While the Company is under no obligation to make such additional working capital contributions, to the extent it fails to do so, the equity interest of the Company in Concord may be significantly reduced. To the extent the Company elects to contribute additional working capital to Concord, the Company anticipates it will have sufficient resources to make any such contribution.

Concord's summarized balance sheets for the years ended December 31, 1991 and 1990, are set forth below:

December 31,	1991	1990
	(Unaudited, In Thousands)	
Current assets	\$ 10,802	\$ 5,230
Noncurrent assets	135,821	9,295
Total assets	146,623	14,525
Current liabilities	29,514	2,855
Noncurrent liabilities	110,510	6,195
Minority interest	\$ 18,574	\$ —

Concord's summarized statements of operations for the years ended December 31, 1991, 1990 and 1989, are set forth below:

Years Ended December 31,	1991	1990	1989
	(Unaudited, In Thousands)		
Net revenue	\$ 20,824	\$ —	\$ —
Gross profit (loss)	6,181	(1,557)	(866)
Operating loss	(5,430)	(2,408)	(1,158)
Net loss	\$(18,219)	\$(2,482)	\$(1,143)

The Company provided professional consulting and other services to Concord totaling \$835,000, \$1,550,000 and \$867,000 for the years ended December 31, 1991, 1990 and 1989, respectively. The total amount of unpaid charges due from Concord was \$160,000 and \$347,000 at December 31, 1991 and 1990, respectively.

## Note 9 — Other Accrued Liabilities

Other accrued liabilities are summarized as follows:

December 31,	1991	1990
	(In Thousands)	
Accrued legal and professional services	\$ 761	\$ 349
Accrued remediation and disposal costs	821	1,164
Accrued interest	1,527	1,657
Accrued insurance	2,480	2,323
Reserves for self-insurance	2,120	1,062
Other	585	1,669
	<b>\$8,294</b>	<b>\$8,224</b>

## Note 10 — Long-Term Debt

The long-term debt of the Company is summarized below:

December 31,	1991	1990
	(In Thousands)	
8% Convertible Subordinated		
Debentures due October 1, 2006	\$57,500	\$57,500
Revolving Credit Facility	24,000	14,000
Other	—	2
	<b>81,500</b>	<b>71,502</b>
Less current portion	—	(2)
	<b>\$81,500</b>	<b>\$71,500</b>

The convertible subordinated debentures are convertible into 41.67 shares of common stock per \$1,000 unit with interest payable semiannually on April 1 and October 1, and are redeemable at the option of the Company after October 1, 1989. The convertible subordinated debentures require annual mandatory sinking fund payments of 7.5% of the principal amount which commence on October 1, 1996, and continue through October 1, 2005. The amortization of debt issuance costs related to the convertible subordinated debentures was \$108,000, \$108,000, and \$107,000 for the years ended December 31, 1991, 1990, and 1989, respectively.

On June 1, 1989, the Company entered into an \$80,000,000 unsecured revolving credit agreement with a group of banks to provide letters of credit and cash borrowings, which was subsequently amended to \$137,500,000 on November 8, 1989. The agreement had an initial three-year term. Under the terms of the agreement, cash borrowings may not exceed \$30,000,000 and bear interest at rates bid by participating banks, or at the Company's option, rates which do not exceed the prime rate.

On October 9, 1991, the Company entered into an amendment and extension of its revolving credit facility with a group of banks. The amended agreement provides availability for

letters of credit and cash borrowings of up to \$140,000,000, of which cash borrowings may not exceed \$60,000,000. The amended agreement replaces the previous revolving credit facility of \$137,500,000 and the Company's non-recourse revolving accounts receivable purchase and sale facility of \$30,000,000. Both of these agreements were scheduled to expire on June 1, 1992. In conjunction with the execution of the amended agreement, the Company repurchased the \$30,000,000 of accounts receivable which had been sold under the non-recourse revolving accounts receivable purchase and sale facility. Long-term debt at December 31, 1990 would have amounted to \$101,500,000, as adjusted for the repurchase of the Company's accounts receivable previously sold under this agreement. The amended agreement has an expiration date of September 1, 1993.

Under the terms of the amended agreement, cash borrowings bear interest at rates bid by the participating banks or, at the Company's option, the prime rate or rates based upon the certificate of deposit rate plus 1% or the Eurodollar market rate plus 1%. In addition, the Company may pay a surcharge on the amount of borrowings and letters of credit outstanding under the amended agreement of up to 1.20%, based on the Company's financial performance as measured by an interest coverage covenant defined in the agreement.

Under the amended revolving credit agreement, the participating banks were provided a security interest in the Company's accounts receivable, in the Company's investment in the common stock of NSC, and in the event of default of a minimum interest coverage covenant, a security interest in the Company's equipment and inventories. The amended agreement also imposes, among other covenants, a minimum tangible net worth covenant and a restriction of the declaration and payment of any cash dividends.

The aggregate maturity of long-term debt for the five years ending December 31 are: 1992, \$0; 1993, \$24,000,000; 1994, \$0; 1995, \$0; 1996, \$0; 1997 and thereafter, \$57,500,000.

The Company had \$54,946,000 and \$69,448,000 of standby letters of credit outstanding under its revolving credit and term loan facility at December 31, 1991 and 1990, respectively.

#### Note 11 — Leases

The Company leases data processing and certain office equipment under capital lease agreements. Included in property

and equipment are the following amounts for equipment leases that have been capitalized:

December 31,	1991	1990
	(In Thousands)	
Machinery and equipment	\$1,325	\$1,306
Less accumulated depreciation and amortization	(1,090)	(1,013)
	\$ 235	\$ 293

Future minimum lease payments under noncancellable operating leases and the present value of future minimum capital lease payments are as follows:

	Capital Leases	Operating Leases
	(In Thousands)	
Year ending December 31:		
1992	\$ 104	\$1,710
1993	23	1,485
1994	14	1,232
1995	7	808
1996	2	372
Total minimum lease payments	150	\$5,607
Amount representing interest	(15)	
Present value of minimum lease payments	135	
Less current portion	(94)	
	\$ 41	

Rental expense under operating leases totaled \$2,366,000, \$2,735,000, and \$2,338,000 for the years ended December 31, 1991, 1990, and 1989, respectively.

#### Note 12 — Income Taxes

The provisions for income taxes (benefit) consist of the following:

Years Ended December 31,	1991	1990	1989
	(In Thousands)		
Current:			
Federal	\$ 1,155	\$1,312	\$ (948)
State	338	740	(434)
	1,493	2,052	(1,382)
Deferred:			
Federal	(2,345)	(1,998)	2,132
State	(858)	(272)	376
	(3,203)	(2,270)	2,508
	\$ (1,710)	\$ (218)	\$1,126

For the years ended December 31, 1991, 1990, and 1989, the Company credited \$10,000, \$0, and \$17,000, respectively, to additional paid-in capital for tax savings associated with the exercise of certain stock options by employees of the Company.

The provisions for income taxes (benefit) are included in the consolidated statements of operations as follows:

Years Ended December 31,	1991	1990	1989
	(In Thousands)		
Continuing operations	\$(1,710)	\$4,972	\$2,866
Discontinued operations:			
From operations	—	(1,392)	(1,740)
From disposition	—	(3,798)	—
	—	(5,190)	(1,740)
	<b>\$(1,710)</b>	<b>\$ (218)</b>	<b>\$1,126</b>

The reasons for differences between the provisions for income taxes and the amount computed by applying the statutory federal income tax rate to income from continuing operations before income taxes are as follows:

Years Ended December 31,	1991	1990	1989
Federal Statutory Rate	<b>34.0%</b>	34.0%	34.0%
Add (deduct):			
State income taxes, net of federal benefit	<b>4.0</b>	3.5	(1.3)
Goodwill amortization	<b>2.2</b>	1.0	9.6
Minority interest	<b>(2.6)</b>	1.5	—
Gain on sale of common stock of subsidiary	—	(16.2)	—
Equity loss on investment in corporate joint venture	<b>(18.7)</b>	2.2	—
Investment tax credit, net	—	—	(0.7)
Other	<b>1.0</b>	(0.3)	(1.6)
	<b>19.9%</b>	<b>25.7%</b>	<b>40.0%</b>

Deferred income tax expense, resulting from timing differences in reporting revenue and expense for income tax and financial reporting purposes, is summarized as follows:

December 31,	1991	1990	1989
	(In Thousands)		
Contract revenue recognition	\$ 373	\$ 524	\$1,324
Depreciation and amortization	<b>859</b>	575	1,906
Accruals for losses on discontinued operations	—	(3,582)	—
Allowance for uncollectible accounts and other reserves	<b>(480)</b>	(175)	(175)
Unused net operating loss	<b>(4,001)</b>	—	—
Capitalized assets	<b>1,003</b>	248	—
Other, net	<b>(957)</b>	140	(547)
	<b>\$(3,203)</b>	<b>\$(2,270)</b>	<b>\$2,508</b>

At December 31, 1991, for tax reporting purposes, the Company had unused net operating loss carryforwards available to be used against its income of approximately \$18,800,000 which will expire in 2005 through 2006, and unused alternative minimum tax credit carryovers of approximately \$649,000. At December 31, 1991, for tax reporting purposes, the Company had unused net operating loss carryforwards available to be used against RRC's income of approximately \$2,237,000 which will expire in 2001 through 2003. In addition, for tax reporting purposes, the Company had unused investment tax credits and net operating loss carryforwards available to be used against Analytical Services Corp.'s ("ASC", formerly named Environmental Testing and Certification Corp.) income of approximately \$531,000 and \$4,154,000, respectively, which will expire in 1996 through 2001.

#### Note 13 — Related Party Transactions

The Company has a policy whereby transactions with directors, executive officers, and related parties require the approval of a disinterested majority of the Board of Directors.

The Company rents certain buildings and aircraft from an affiliated partnership. Rental expenses for these facilities and aircraft totaled \$200,000, \$121,000, and \$97,000 for the years ended December 31, 1991, 1990, and 1989, respectively.

#### Note 14 — Agreement with Former Stockholder

During 1985, the Company executed a pension agreement with a former stockholder-officer for an annual pension commencing on June 1, 1990, of \$96,000, subject to cost of living adjustments, for the remainder of his life and that of his spouse if she survives him. The Company made pension payments totaling \$99,000 and \$56,000 pursuant to this agreement during the years ended December 31, 1991 and 1990, respectively.

#### Note 15 — Capital Stock

The Company has authorized 1,000,000 shares of preferred stock at a \$10.00 par value. No shares of preferred stock have been issued at December 31, 1991. The rights and preferences of the preferred stock will be fixed by the Board of Directors at the time such shares are issued. The preferred stock, when issued, will have dividend and liquidation preferences over those of the common stockholders.

## Note 16 — Stock Option Plan

In 1986, the Company adopted and the stockholders approved the 1986 Stock Option Plan (the "1986 Plan") which provides for the granting of stock options to directors, officers, and key employees at prices not less than the fair market value of the Company's common stock on the date of grant. A total of 1,850,000 shares of the Company's common stock have been reserved for issuance upon the exercise of options granted under the 1986 Plan. Substantially all options under the 1986 Plan are exercisable in cumulative annual installments ranging up to 20 percent commencing on the date of grant and expiring ten years thereafter. At December 31, 1991, 443,614 shares were available for grants of additional options under the 1986 Plan.

The following summarizes stock option activity in 1991:

	1986 Plan	
	Number of Shares	Option Price Range Per Share
Outstanding at December 31, 1990	1,347,210	\$ 8.38 to \$25.25
Granted	79,500	\$ 7.00 to \$10.00
Exercised	(14,600)	\$10.75 to \$11.00
Canceled	(201,610)	\$ 8.38 to \$15.38
Outstanding at December 31, 1991	1,210,500	\$ 7.00 to \$25.25
Exercisable at December 31, 1991	857,950	\$ 7.00 to \$25.25

## Note 17 — Retirement and Profit-Sharing Plans

On May 11, 1988, the stockholders of the Company approved the adoption of the Company's Retirement Savings Plan (the "Plan") effective as of April 1, 1988. The Plan allows each of its eligible employees to make contributions, up to a certain limit, to the Plan on a tax-deferred basis under Section 401(k) of the Internal Revenue Code of 1986, as amended. The Company may, at its discretion, make matching contributions and profit sharing contributions to the Plan out of its profits for the plan year. The Company made matching contributions of \$400,000 and \$124,000 to the Plan for the years ended December 31, 1991 and 1990, respectively. There were no contributions made to the Plan for the year ended December 31, 1989.

The Company's subsidiary, NSCI, has certain union employees which are covered by union sponsored, collectively bargained, multi-employer plans. Contributions to these plans were \$825,000, \$990,000, and \$684,000 for the years ended December 31, 1991, 1990, and 1989, respectively.

## Note 18 — Litigation and Contingencies

In September 1988, a lawsuit was filed by Project Development Group, Inc. ("PDG") against a subsidiary of the Company, OHM Remediation Services Corp. ("OHMRSC"), alleging breach of an oral contract to use PDG as an exclusive subcontractor for asbestos removal on a contract awarded to OHMRSC. Additional causes of action were later filed for copyright infringement, conversion, misappropriation of trade secrets, and unjust enrichment. The causes of action for copyright infringement, conversion, and misappropriation of trade secrets and related punitive damages were successfully dismissed in favor of OHMRSC. On May 28, 1991, a judgment in favor of the plaintiff in the amount of \$1,100,000 was awarded by a special jury verdict following a trial on the two remaining claims, breach of an oral contract and unjust enrichment. Based upon fundamental points of law and substantive inconsistencies in the jury's answers to the special verdict interrogatories, OHMRSC has subsequently filed post-judgment motions for a judgment notwithstanding the verdict, or in the alternative, for a new trial and/or remittur of the judgment amount, which motions were heard on September 5, 1991. A ruling on these motions has not been made by the court as of this date and the Company will pursue an appeal if the outcome is unsatisfactory. Management believes that the outcome of this action, which is not clearly determinable at the present time, will not have a material adverse effect on the consolidated financial condition of the Company. Accordingly, the Company's Consolidated Statement of Operations for the year ended December 31, 1991, does not reflect any specific provision for the amount of judgment awarded by the special jury verdict.

The Company is also subject to a number of claims and lawsuits, unrelated to the above, in the ordinary course of its business. In the opinion of management, the outcome of these actions, which are not clearly determinable at the present time, are either adequately covered by insurance, or if not insured, will not, in the aggregate, have a material adverse impact upon the Company's consolidated financial condition.

The Company is self-insured for certain asbestos abatement liability risks and for the initial \$1,000,000 for certain comprehensive general and automobile liability risks through its wholly-owned insurance company subsidiary. The Company is insured through commercial sources for certain environmental impairment risks as well as for certain general and automobile liability umbrella coverages in excess of primary coverages. The Company provides for losses when identified and evaluated.



#### **Note 19 — Major Customers**

Revenues from federal government agencies accounted for 26%, 20%, and 21% of gross revenues from continuing operations for the years ended December 31, 1991, 1990, and 1989, respectively. Revenues from state and local government agencies accounted for 9%, 10%, and 7% of gross revenues from continuing operations for the years ended December 31, 1991, 1990, and 1989, respectively. There were no industrial customers which accounted for more than 10% of gross revenues for the years ended December 31, 1991, 1990, and 1989.

#### **Note 20 — Nonrecurring Transactions and Special Charges**

The Company's consolidated statement of operations for the year ended December 31, 1990, included a nonrecurring gain of \$9,225,000 or \$0.70 per share which resulted from the initial public offering of 1,725,000 shares or 30% of the common stock of NSC at \$13.50 per share in June 1990. NSC received net proceeds of \$21,142,000 from the issuance of its common stock. Deferred income taxes were not recorded on a substantial portion of this nonrecurring gain as a result of tax strategies available to the Company with respect to such gain.

The Company's consolidated statement of operations for the year ended December 31, 1990, also included nonrecurring

charges totaling \$2,376,000 or \$0.12 per share which primarily related to a pension agreement and certain nonproductive assets.

The Company's consolidated statement of operations for the year ended December 31, 1991 and 1990, included a special charge of \$3,950,000 or \$0.33 per share, and \$1,050,000 or \$0.05 per share, respectively, for the Company's share of equity losses from its investment in Concord.

#### **Note 21 — Subsequent Event**

On February 5, 1992, the Company's subsidiary, NSC completed the acquisition of substantially all the assets and assumed certain liabilities of Combined Plant Services, Inc. ("CPS") and its affiliate, Gundersen/Viking Incorporated ("GV"), which provide industrial cleaning and maintenance services in Indiana, Illinois, and Wisconsin. CPS and GV had combined gross revenues of approximately \$7,800,000 for 1991 and combined total assets of \$6,600,000 at December 31, 1991. The purchase price for the net assets acquired consisted of \$1,000,000 in cash at closing, the issuance of two subordinated promissory notes totaling \$1,625,000, a warrant to purchase 150,000 shares of NSC's common stock at an exercise price of \$10.00 per share, subject to adjustment, and certain contingent payments to be made following the first and second anniversaries of the closing date in the event that certain earnings and operating margin requirements are achieved. Such contingent payments, if required to be made, will be in cash and common stock.

## Report of Independent Auditors

Board of Directors and Stockholders  
OHM Corporation

We have audited the accompanying consolidated balance sheets of OHM Corporation and subsidiaries as of December 31, 1991 and 1990, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1991. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of OHM Corporation and subsidiaries at December 31, 1991 and 1990, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1991, in conformity with generally accepted accounting principles.

Columbus, Ohio  
February 7, 1992

*Ernst + Young*

# OHM Corporation

## Five Year Summary of Results of Operations

(In Thousands, Except Per Share Data)

Years Ended December 31,	1991	1990	1989	1988	1987
Gross revenues	\$239,460	\$243,398	\$193,171	\$150,347	\$115,359
Less direct subcontract costs	63,968	56,782	53,717	39,111	38,595
Net Revenues	175,492	186,616	139,454	111,236	76,764
Cost of services	139,746	135,939	100,220	76,149	54,781
Gross Profit	35,746	50,677	39,234	35,087	21,983
Selling, general and administrative expenses	31,962	27,935	24,822	18,115	16,792
Operating Income	3,784	22,742	14,412	16,972	5,191
Other (income) expenses:					
Investment income	(30)	(109)	(238)	(922)	(1,657)
Interest expense	6,897	8,265	6,973	4,565	4,111
Gain on sale of common stock of subsidiary	—	(9,225)	—	—	—
Equity loss on investment in corporate joint venture	3,950	1,050	—	—	—
Minority interest in net income of consolidated subsidiary	648	717	—	—	—
Miscellaneous and nonrecurring charges	892	2,678	508	(292)	(1,115)
	12,357	3,376	7,243	3,351	1,339
Income (Loss) From Continuing Operations Before					
Income Taxes (Benefit)	(8,573)	19,366	7,169	13,621	3,852
Income taxes (benefit)	(1,710)	4,972	2,866	5,181	1,406
Income (Loss) From Continuing Operations	(6,863)	14,394	4,303	8,440	2,446
Discontinued operations—net of income tax benefit:					
Loss from operations	—	(2,271)	(2,611)	(555)	(28)
Provision for loss on disposition	—	(6,195)	—	—	—
Net Income (Loss)	\$ (6,863)	\$ 5,928	\$ 1,692	\$ 7,885	\$ 2,418
Net income (loss) per share:					
Continuing operations	\$ (0.57)	\$ 1.20	\$ 0.35	\$ 0.69	\$ 0.20
Discontinued operations:					
From operations	—	(0.19)	(0.21)	(0.05)	(0.00)
From disposition	—	(0.52)	—	—	—
	\$ (0.57)	\$ 0.49	\$ 0.14	\$ 0.64	\$ 0.20
Weighted average number of common and common equivalent shares outstanding	12,042	12,015	12,312	12,312	12,021

Note: The results of operations for each of the five years ended December 31, 1991, have been presented to reflect the accounting for discontinued operations of certain business units. See Note 3 to Consolidated Financial Statements.

Note: Amortization of goodwill was reclassified from miscellaneous expenses to selling, general and administrative expenses for each of the five years ended December 31, 1991.

## Five Year Summary of Financial Position

(In Thousands)

December 31,	1991	1990	1989	1988	1987
Working Capital	\$ 60,712	\$ 41,808	\$ 42,974	\$ 45,115	\$ 43,122
Total Assets	189,743	193,790	179,944	168,439	122,409
Noncurrent Liabilities	82,472	72,579	86,034	75,631	59,108
Stockholders' Equity	48,253	54,743	48,699	51,079	36,970

# Directors and Officers of OHM Corporation

## Directors

**James L. Kirk**  
*Chairman of the Board  
President and Chief  
Executive Officer*

**Joseph R. Kirk**  
*Executive Vice President*

**Ira O. Kane**  
*Executive Vice President*

**Ivan W. Gorr**  
*Chairman of the Board  
and Chief Executive Officer  
of Cooper Tire & Rubber  
Company*

*Director, Amcast Industrial  
Corporation and the Fifth  
Third Bancorp*

**Richard W. Pogue**  
*Managing Partner of  
Jones, Day, Reavis & Pogue  
Director, Society Corporation,  
Derlan Industries, Ltd.,  
M.A. Hanna Company and  
Redland PLC*

**Charles W. Schmidt**  
*Former Senior Vice President,  
External Affairs of Raytheon  
Company  
Director, The Boston Company,  
Boston Safe Deposit and Trust  
Company, the Massachusetts Financial  
Services Family of Mutual Funds  
and the Mohawk Paper Company*

**William E. Swales**  
*Former Vice Chairman-Energy  
of USX Corporation*

## Other Officers

**Pamela K.M. Beall**  
*Treasurer and Assistant  
Secretary*

**Daniel P. Buettin**  
*Controller*

**Dr. Jurgen H. Exner**  
*Senior Vice President,  
Technical Development*

**Dr. Fred H. Halvorsen**  
*Vice President,  
Health and Safety*

**D. Lee Hamilton**  
*Executive Vice President,  
Midwest Region*

**Samuel H. Iapalucci**  
*Vice President,  
Chief Financial Officer*

**Jeffrey J. Kirk**  
*Vice President,  
Human Resources*

**Frank A. McBride**  
*Vice President,  
Northeast Region*

**Gene J. Ostrow**  
*Executive Vice President  
Corporate Development*

**Randall M. Walters**  
*Vice President,  
General Counsel and Secretary*

## Board Committees

### 1 Audit Committee

**William E. Swales**  
*Chairman*

**Ivan W. Gorr**  
**Charles W. Schmidt**

### 2 Compensation Committee

**Richard W. Pogue**  
*Chairman*

**Charles W. Schmidt**  
**William E. Swales**

### 3 Executive Committee

**James L. Kirk**  
*Chairman*

**William E. Swales**

### 4 Stock Option Committee

**Richard W. Pogue**  
*Chairman*

**Charles W. Schmidt**  
**William E. Swales**



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## Stockholder Information

### Annual Meeting

The Annual Meeting of Stockholders of OHM Corporation will be held at 10:00 a.m. on May 14, 1992, at the Findlay Inn & Conference Center, 200 East Main Cross Street, Findlay, Ohio 45840.

### Stockholder Relations

#### Contact

**Pamela K.M. Beall**

*Treasurer and Assistant*

*Secretary*

OHM Corporation

16406 U.S. Route 224 East

P.O. Box 551

Findlay, Ohio 45839-0551

Common Stock

NYSE Symbol: OHM

8% Convertible Subordinated

Debentures due 2006

NASDAQ Symbol: OHMCG

### Transfer Agent and

#### Registrar

Midlantic National Bank

499 Thornall Street

Edison, New Jersey 08818

### Corporate Offices

OHM Corporation

16406 U.S. Route 224 East

P.O. Box 551

Findlay, Ohio 45839-0551

419-423-3529

Shareholders may request without charge a copy of the Annual Report on Form 10-K for the year ended December 31, 1991, including financial statement schedules thereto, but excluding other exhibits, by written request addressed to Pamela K.M. Beall, Treasurer and Assistant Secretary, OHM Corporation, 16406 U.S. Route 224 East, Findlay, Ohio 45840.

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OHM Corporation

16406 U.S. Route 224 East

P.O. Box 551

Findlay, Ohio 45839-0551