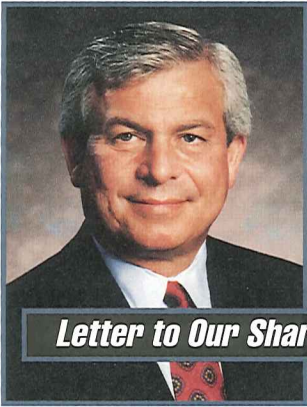


OHM Corporation

First in the USA...for Environmental Cleanup Construction



Letter to Our Shareholders

Story, Page 2

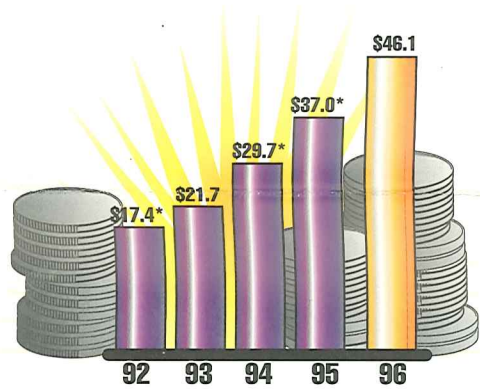
Chairman, President and CEO James L. Kirk discusses 1996: "We met our internal benchmarks for growth in revenue and net income as well as our target for debt reduction. We continued to receive tangible evidence of client satisfaction. Most importantly, we positioned the Company to compete successfully for the next round of remediation contract bidding opportunities."

1996 showed solid performance:

- ▶ 20% revenue growth to \$551 million
- ▶ 25% expansion in operating earnings plus depreciation and amortization
- ▶ Earnings per share of 43 cents vs. 30 cents in 1995
- ▶ Long-term debt decreased nearly 50%
- ▶ Investments made in new equipment, information technology and systems to enhance future earnings potential

Operating Earnings Plus Depreciation & Amortization

\$ in Millions Story, Page 3

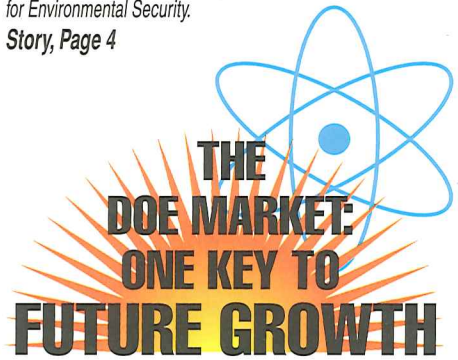


DOD Top SB/SDB Award Goes to OHM

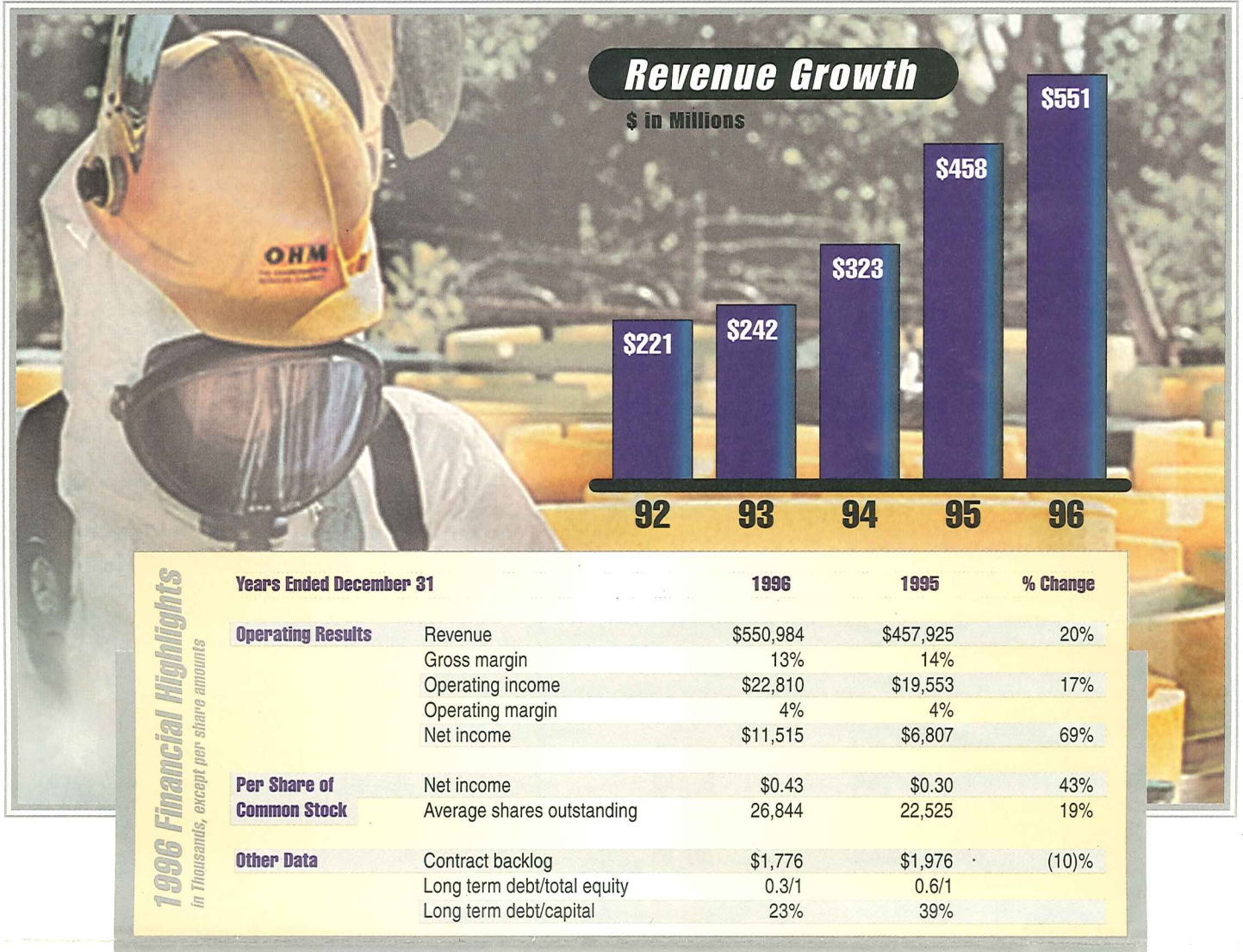


Pictured Above: Robert L. Neal, Jr., Director, Small and Disadvantaged Business Utilization, DOD; Robert J. Blackwell, Vice President of Marketing and Strategic Planning, OHM; and Sherri W. Goodman, Deputy Under Secretary of Defense for Environmental Security.

Story, Page 4



Story, Page 6



OHM Company Profile

OHM Corporation, a leading environmental construction contractor, is focused on getting the job, getting the job done, and getting the job done right.

According to the Eighth Annual State of the Industry Report presented in 1996 by Farkas Berkowitz and Company, approximately \$7.5 billion was spent for environmental remediation services in 1995, including about \$3.5 billion for construction services, the market segment in which OHM primarily competes. OHM's share of this market in 1995 was approximately 13% leaving plenty of room for future growth. Ongoing activities at Department of Defense sites and the initiation of cleanups at multiple Department of Energy sites, combined with President Clinton's Kalamazoo Initiative to reinvigorate the Environmental Protection Agency's Superfund program, is driving the environmental construction services market.

A Look at OHM

Factors that contribute to the Company's positive outlook...

- Current position as one of the largest remediation suppliers to the Department of Defense (DOD) and the Environmental Protection Agency (EPA), with a record of filling contract vehicles for those government agencies
- Strong DOD cleanup funding and new Clinton Administration initiatives to accelerate Superfund cleanups
- \$2.0 billion in Department of Energy (DOE) opportunities anticipated in 1997, for which OHM is well positioned because of its nuclear capability and excellent track record with the DOD and EPA and shift in focus of DOE from operations to cleanup
- Opportunities for further leveraging the existing infrastructure to improve margins and accelerate growth in the bottom line
- Ability to apply a full spectrum of technologies to remediate hazardous and industrial waste on both a planned and emergency response basis, broadening the number of projects on which it can bid
- Track record of success with approximately 31,000 projects over its 27-year history, including some of the largest Superfund sites and logistically challenging military installations such as the extensive soil vapor extraction system at remote Midway Island
- Client satisfaction record marked by high award fees on performance based contracts and numerous awards for excellence related to operational performance, safety and small business subcontracting
- Review and approval by government audit authorities of the following OHM administrative systems: accounting, estimating, billing, procurement, government property and compensation

Inside...

2 Letter to Our Shareholders

3 Achieving Internal Benchmarks

4 Achieving Client Goals

5 Making Technology Work for Our Clients

6/7 OHM in the Marketplace

8 Equipment and Technical Support

For further information regarding OHM Corporation, Contact Pamela K.M. Beall at 419-425-6002

Officers and Directors OHM Corporation

Officers and Directors

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

Joseph R. Kirk
Executive Vice President

Ivan W. Gorr
Former Chairman of the Board
and Chief Executive Officer of
Cooper Tire & Rubber Company;
Director, Amcast Industrial Corporation;
Arvin Industries, Inc.;
The Fifth Third Bancorp and
Borg-Warner Automotive

Charles D. Hollister, Ph.D.
Senior Scientist and Vice President,
Woods Hole Oceanographic Institution

Richard W. Pogue
Former Managing Partner of
Jones, Day, Reavis & Pogue;
Senior Advisor of Dix & Eaton;
Director, KeyCorp;
Derlan Industries, Limited;
M.A. Hanna Company; Redland PLC;
Continental Airlines, Inc.; TRW Inc.
and Rotek Incorporated

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

Herbert A. Getz
Senior Vice President,
General Counsel and Secretary,
WMX Technologies, Inc.
Director, NSC Corporation

William P. Hulligan
Executive Vice President
Waste Management, Inc.

James E. Koenig
President, Shared Services and Executive
Vice President, WMX Technologies, Inc.;
Director, Wheelabrator Technologies Inc.;
Waste Management International PLC
and National Seal Company

Officers

Pamela K.M. Beall
Vice President, Treasurer
and Assistant Secretary
Director, NSC Corporation and
System One Technical, Inc.

Robert J. Blackwell
Vice President, Marketing
and Strategic Planning
Director, NSC Corporation

Fred H. Halvorsen, Ph.D.
Vice President, Health and Safety

Kris E. Hansel
Vice President and Controller

Steven E. Harbour
Vice President, Legal
and Secretary

Gene J. Ostrow
Vice President
Corporate Development

Philip V. Petrocelli
Vice President,
Western Operations

Philip O. Strawbridge
Vice President, Chief Financial
and Administrative Officer

Michael A. Szomjassy
Vice President,
Eastern Operations



OHM Corporation

Shareholder Information

Common Stock NYSE Symbol: OHM

8% Convertible Subordinated Debentures
due 2006

NASDAQ Symbol: OHMCG

Transfer Agent and Registrar

First City Transfer Company
111 Wood Avenue South
Iselin, New Jersey 08830

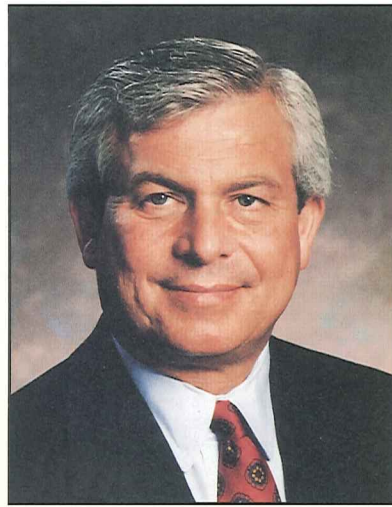
Annual Meeting

May 8, 1997
10:00 AM Eastern
Elks Lodge
601 South Main Street
Findlay, Ohio

Forward Looking Statements • All Statements, other than statements of historical facts, included in this Annual Report that address activities, events or developments that OHM Corporation (the "Company") expects, believes or anticipates will or may occur in the future, including such matters as future capital expenditures, including the amount and nature thereof, potential acquisitions by the Company, trends affecting the Company's financial condition or results of operations, and the Company's business and growth strategies are forward-looking statements. Such statements are subject to a number of risks and uncertainties, including general economic and business conditions, the business opportunities (or lack thereof) that may be presented to and pursued by the Company, changes in law or regulations affecting the Company's operations and other factors, many of which are beyond the control of the Company. In addition, these risks and uncertainties include, without limitation, (i) the potential for fluctuations in funding of backlog, (ii) weather conditions affecting or delaying the Company's ability to perform or complete the services required by its contracts, (iii) the Company's ability to be awarded new contracts in its target markets or its ability to expand existing contracts (iv) other industry-wide market factors including the timing of client's planned remediation activities and (v) interpretation or enforcement by federal, state or local regulators of existing environmental regulations. Also, there is always risk and uncertainty in pursuing and defending litigation, arbitration proceedings and claims in the course of the Company's business. All of these risks and uncertainties could cause actual results to differ materially from those assumed in the forward-looking statements. These forward-looking statements reflect management's analysis, judgement, belief or expectation only as of the date of this Annual Report. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. In addition to the disclosure contained herein, readers should carefully review risks and uncertainties contained in other documents the Company files or has filed from time to time with the Securities and Exchange Commission.

A LETTER FROM THE PRESIDENT

To Our Shareholders:



"We expect to remain a leader in the remediation industry. However, we continue to investigate services and business lines by which we can assist our customers and enhance our overall return to shareholders."

1996 was a productive year for OHM. We met our internal benchmarks for growth in revenue and net income as well as our target for debt reduction. We continued to receive tangible evidence of client satisfaction, and most importantly, we positioned the Company to compete successfully for the next round of remediation contract bidding opportunities.

For the year, results met our target for revenue growth of 20%, with a 26% bottom line increase over pro forma 1995 results. On the balance sheet, long-term debt to total capital now stands at 23%, down from 39% a year ago, giving us increased financial stability. We believe, based on present backlog as well as the market outlook and pending bidding opportunities, that we can continue to increase remediation revenue and earnings moving forward.

At year-end, total contract backlog was \$1.8 billion, with the obligated portion standing at \$375 million. Additions to backlog during the year included two significant contract renewals from the Department of Defense (DOD). Further, we are participating in two new contracts awarded by the Department of Energy (DOE). OHM is part of a team that was awarded the Hanford Tank Waste Remediation Privatized Contract and we are a subcontractor at Sandia National Laboratories. While revenue generated from contract backlog exceeded new contract awards in 1996, we believe that contract backlog will resume its upward trend in the next year as additional DOE opportunities are awarded.

The private sector, on which the business units we acquired from Rust in 1995 had relied for the bulk of their revenue, has not yet rebounded. However, the acquisition of the hazardous and nuclear waste remediation services business (the "Division") of Rust International, Inc. ("Rust") contributed to our stronger balance sheet. In addition, the Rust Division has strengthened our position in bidding on DOE contracts, where we expect strong remediation growth in the coming years.

Looking at market trends moving into 1997, we see the private sector remaining competitive. Our strategy is to remain selective, but continue to participate as Superfund reauthorization unfolds. We remain committed to this market segment, noting recent positive developments including a 1998 budget plan for the EPA that increases spending on cleanups by more than \$800 million with the intent to double the pace of Superfund cleanups.

The Department of Defense remains strong. DOD leadership in environmental restoration at active and closing military bases is reflected by the large percentage of environmental restoration spending on cleanups. In this segment, we believe OHM has the largest backlog of remedial action contracts (RACs) and the best record of filling contract vehicles. Our success in converting government contracts into revenue is widely acknowledged and is an indication of the high quality of the work we perform. Our track record with the DOD sets the stage for us to be a strong competitor in this stable market segment.

The DOE is still an emerging cleanup segment and one key to our future growth. The DOE is committed to initiating site cleanup. During 1997, we expect to see up to \$2 billion in DOE remediation opportunities including the Mound facility in Ohio. OHM is now well positioned in this market to match our established record with the DOD, where we have won a high percentage of the value of contracts on which we have bid.

We expect to remain a leader in the remediation industry. However, we continue to investigate services and business lines by which we can assist our customers and enhance our overall return to shareholders. Our parameters for such opportunities are straightforward. We are seeking service-related arenas that are driven by recurring, profitable business, which demonstrates significant growth potential, higher margins and less dependence on regulatory enforcement. We continue to look for areas that leverage one or more of OHM's core business competencies and synergy with our current business lines. Financial parameters for any investment also are straightforward. We require solid contribution to the bottom line.

OHM's growth in the 27 years since its formation has made it a leading nationwide service provider in an industry with significant meaning to the well being of our country and its citizens. We're proud of our track record and proud of our ability to continue to return sites to productive use, but we can never rest on our laurels. We remain committed to creating value for our shareholders by carefully building on our demonstrated strengths.

Sincerely,

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

GETTING THE JOB DONE: ACHIEVING INTERNAL BENCHMARKS

OHM Corporation Reports Positive Earnings Comparisons

Results for 1996 illustrate the success of the Company's strategies for developing a leadership position in the environmental construction services marketplace.

Profitable Growth

Revenue grew 20% to \$551 million from \$458 million in 1995, with revenue from the private sector up 15% and government client revenue expanding 22%. For the year ended 1996, OHM's business mix was 77% government, 23% private sector. Growth in the private sector was primarily driven by the inclusion of a full year of results from the Rust Division vs. seven months in 1995.

Revenue grew 20% to \$551 million from \$458 million in 1995, with revenue from the private sector up 15% and government client revenue expanding 22%. For the year ended 1996, OHM's business mix was 77% government, 23% private sector. Growth in the private sector was primarily driven by the inclusion of a full year of results from the Rust Division vs. seven months in 1995.

Government sector revenue growth was from existing contracts, primarily with the DOD and DOE. The Company continued to utilize contract backlog to generate revenue and improve the predictability of the business. For 1996, approximately 90% of revenue was from contract backlog at the beginning of the year.

Net income for the year was \$11.5 million, or 43 cents per share, compared with \$6.8 million, or 30 cents per share, for 1995, which included a \$3.9 million pre-tax charge related to the acquisition of the Rust Division. The net profit margin for 1996 was 2.1%, up from 1.5%. In the second half of 1996, the Company began to report positive per share earnings comparisons vs. the prior year, as shares outstanding stabilized at approximately 27 million.

For the year, the gross profit margin was 13.1% compared with 14.1% in 1995, primarily because of lower margins on fixed price work for private sector clients. Selling, general and administrative expenses as a percent of revenue declined to 8.9% from 9.9% in 1995. Offsetting the lower gross margin was a substantial reduction in interest expense to \$7.1 million from \$10.4 million. That decline was due to reduced working capital requirements, lower debt levels and lower interest rates on the remaining debt.

Cash Flow Expands

During the course of 1996, the Company lowered accounts receivable days sales outstanding by 25 days by improving its administrative processes. The lower days sales outstanding, on 20% higher revenue, reduced working capital requirements by nearly \$35 million.

Capital expenditures for operations equipment and information technology were \$23 million in 1996 compared with \$14 million a year ago. The 1996 investments in these areas were designed to enhance service quality. Expenditures remained on track with depreciation and amortization, which

Outlook for Continued Growth

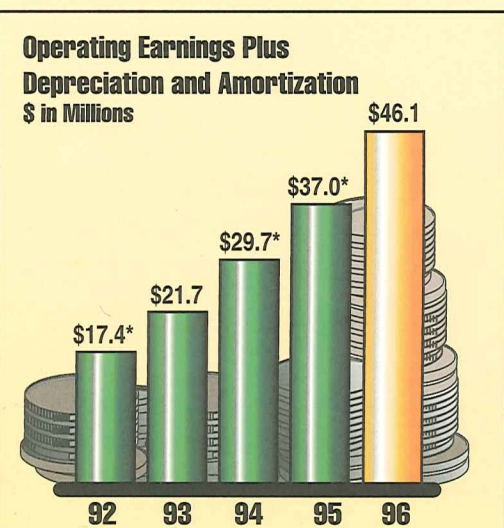
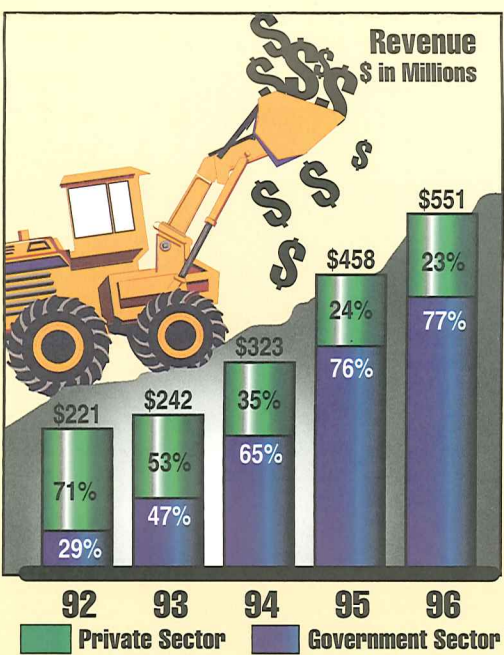
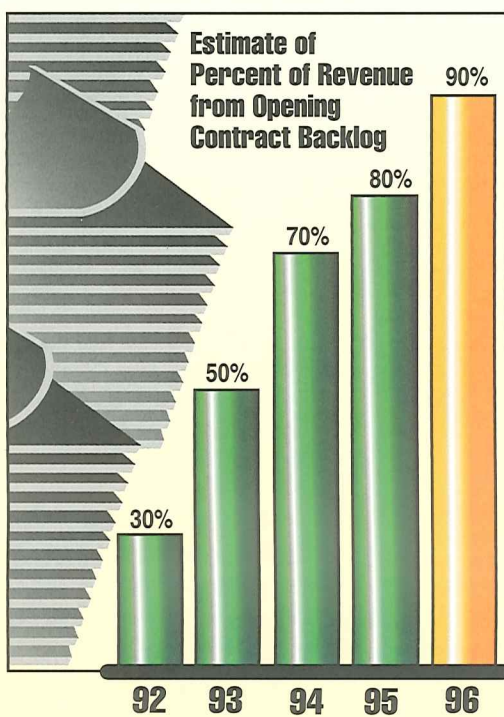
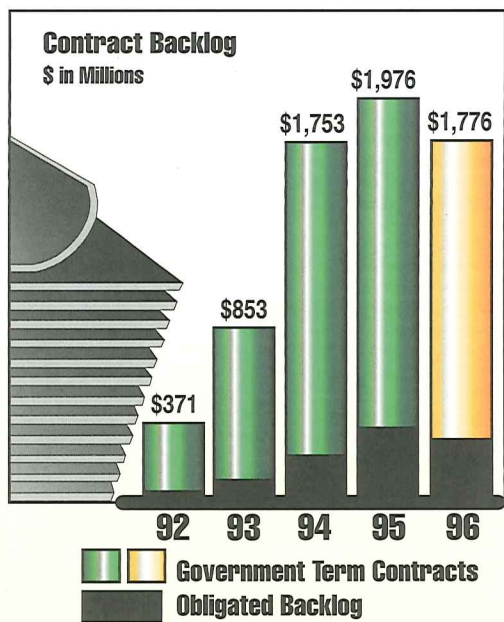
Looking toward 1997, the Company expects to see continued remediation revenue growth. Management anticipates stable gross margins. Operating margins, however, should improve slightly as the Company leverages sales growth over the operating infrastructure that was further strengthened in 1996. Additional declines in accounts receivable days sales outstanding and further reductions in the average debt outstanding should contribute to lower interest expense, improve cash flow and help drive bottom line growth.

Contract Backlog

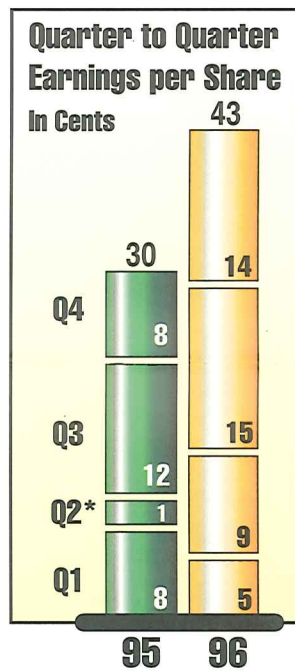
Contract backlog at year-end 1996 remained strong although below the level at the end of 1995 because of the successful conversion of contract backlog to revenue. The obligated portion of contract backlog, which represents firm commitments and delivery orders, was \$375 million at year-end. Contract backlog is expected to resume its upward trend in 1997.

Percent of Revenue from Opening Contract Backlog

For the fourth consecutive year, OHM increased the percentage of revenue derived from opening contract backlog. This is important because it yields more predictable revenue and creates opportunities to control costs through better planning, improved utilization of equipment and employees, and leveraging of the investment in sales and marketing.



* Note: Excludes for the year ended December 31, 1992 special charges of \$4.2 million pre-tax related to the merger of NSC Corporation and the Brand Companies, Inc., for the year ended December 31, 1994, a \$25 million pre-tax reserve against revenue, primarily for accounts receivable in litigation and for the year ended December 31, 1995, a \$3.9 million pre-tax charge for integration costs related to the 1995 acquisition of the Rust Division.

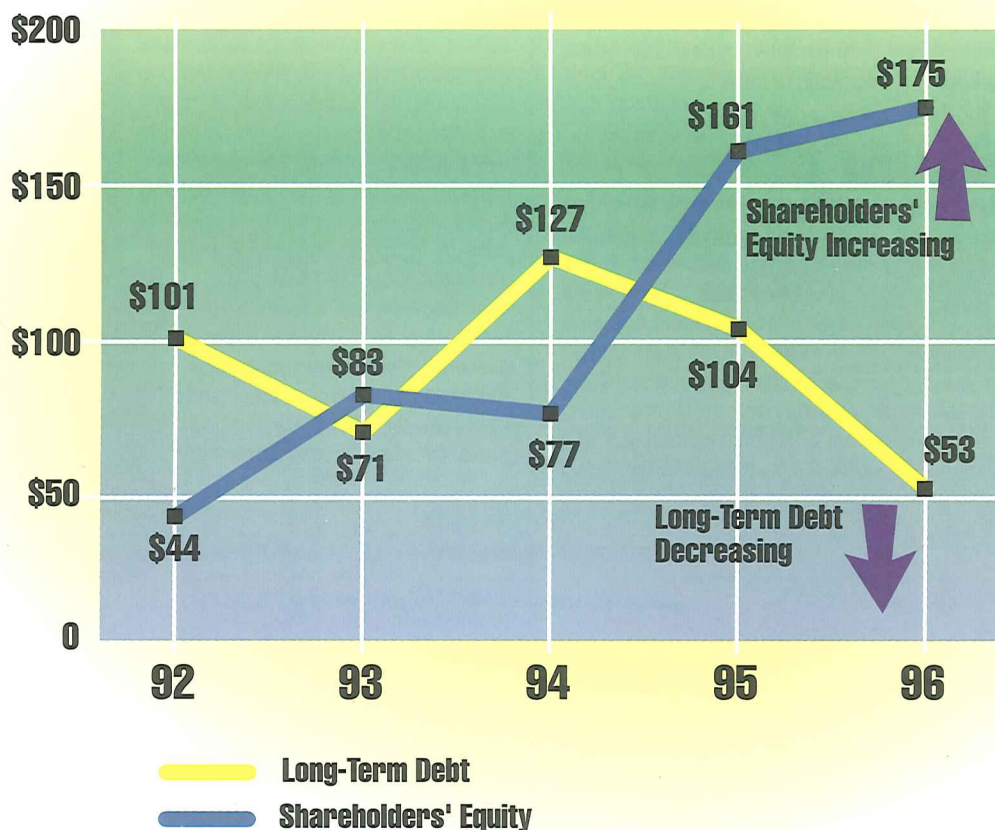


* Note: Q2 1995 included a \$3.9 million pre-tax charge for integration costs related to the acquisition of the Rust Division.

Financial Strength Improves as a Result of Long-Term Debt Reduction

Financial Position Stronger in 1996

\$ in Millions



GETTING THE JOB DONE RIGHT: ACHIEVING CLIENT GOALS

OHM Wins Department of Defense Environmental Restoration Small Business Excellence Award



Jeanne M. Seerey, Manager, AFCEE Mentor Protege Program, OHM; Joseph B. Green, Jr., AFCEE Program Manager, OHM; Renee N. Drummer, Small Business Purchasing Manager, OHM; and Robert J. Blackwell, Vice President of Marketing and Strategic Planning, OHM

During 1996, OHM received recognition for its outreach efforts to maximize small business subcontracting opportunities. The three awards given were:

- **Environmental Restoration Small Business Excellence Award**
Presented to OHM by the Department of Defense
- **Notable Achievement Award**
Presented by Defense Logistics Agency, Defense Contract Management Command, Dayton
- **Award of Excellence**
Presented to OHM by the Cleveland Regional Minority Purchasing Council, affiliate of the National Minority Supplier Development Council

OHM is particularly proud of the Department of Defense award, because OHM is the first recipient of this honor, which recognizes a prime contractor for its outreach and small business subcontracting efforts for Department of Defense projects.



Recognized for outstanding outreach efforts for small business subcontracting, OHM is committed to doing business with small, small disadvantaged and woman-owned businesses. Utilizing small businesses brings increased innovation and quality service to the Company's clients. To ensure that the Company's commitment to this business activity is met, the Company developed a corporate wide Small Business Program in 1994.

The purpose of the program is to provide maximum practical opportunities for small, small disadvantaged and woman-owned businesses to bid and win subcontracted work from OHM. Many activities have been undertaken to help achieve the Company's goals, including:

- Coordination of 29 small business outreach conferences to reach small businesses near existing or potential OHM worksites
- Participation in numerous local and national trade fairs, seminars and small business networking sessions
- Employee training programs and a regular newsletter for employees on small business issues
- The Small Business/Employee Recognition program to reward staff and small businesses that have made a significant contribution to OHM's efforts.

DOD Relies on OHM for High Quality and Cost-Effective Cleanups

Faced with high priority, complex and time sensitive cleanup requirements, the U.S. Army Corps of Engineers can award a project under an existing Total Environmental Restoration Contract (TERC), a Preplaced, or a Rapid/Immediate Response Contract to save time and money by shifting the emphasis to cleanups and by decreasing contract solicitation time. The U.S. Army Corps of Engineers chose the TERC solution for the Southern Shipbuilding Superfund site near the Bayou Bonfouca Superfund site in Slidell, Louisiana where OHM was part of a joint venture operating an incinerator.

It was clearly in the best interests of all parties if the same incinerator could be used to treat both sites. In late February 1995, OHM was asked to submit a proposal for the Southern Shipbuilding project. The U.S. Army Corps of Engineers issued the initial task order in August 1995 and OHM began work almost immediately.

Initiation of site work less than one year after Southern Shipbuilding was designated a Superfund site was possible only because of the TERC contracting mechanism. Using more conventional mechanisms it has taken an average of eight years to start remedial action, and the project was completed 12 to 15 months sooner than typical projects, saving the government hundreds of thousands of dollars.

Moving Quickly When the EPA Asks

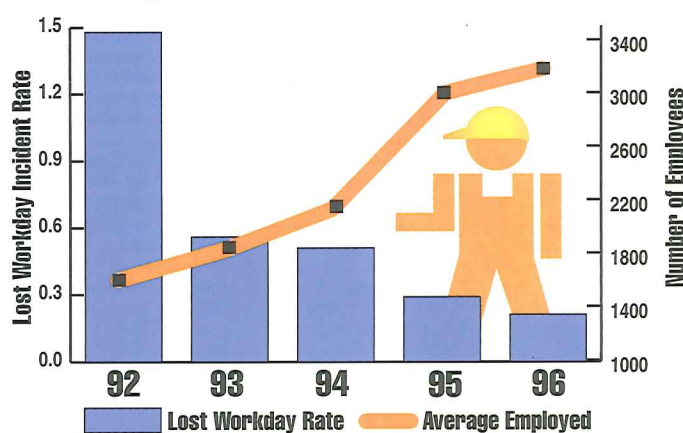
In November 1996, the EPA called on OHM, in its role as an emergency Superfund contractor, to help clean up contamination from the residential application of agricultural chemicals by two unlicensed exterminators in what the EPA is terming the worst case of pesticide misuse in the country. Approximately 1,100 southeast Mississippi and Alabama residents have been evacuated from homes since the investigation began and the EPA is estimating that the total cleanup could cost up to \$50 million. Through contracts with the EPA and the U.S. Army Corps of Engineers, OHM is testing homes for contamination, removing walls, carpet and other furnishings and subcontracting reconstruction services to return the residents to their homes as quickly and cost effectively as possible.

OHM: Largest Environmental Cleanup Contractor for the Navy

According to the January 10, 1997 issue of *Defense Cleanup*, OHM was a "big winner for work orders." In the government's fiscal year 1996, the Navy awarded OHM \$158 million in work orders, the highest ratio of work orders to contract awards among Navy remediation contractors, reflecting the Navy's leadership in the environmental restoration program and satisfaction with OHM's performance.

Getting It Done Right: Safety . . . The Highest Priority for OHM and its Clients

OHM's Safety Record of Excellence



OHM's safety performance record represents the benchmark for the environmental remediation industry with the Company's OSHA recordable incident rate and OSHA lost workday incident rate consistently outperforming the national industry averages. For example, by using improved approaches to industrial safety and health, OHM has reduced its lost workday case rate by 85% over four years, while revenue and the number of employees has doubled.

The superior industrial safety and health performance has been recognized by customers and major industry organizations through numerous commendations and awards, including:

- **Safety Award for Excellence, 1996** awarded by the U.S. Army Corps of Engineers, New Orleans District, for outstanding safety performance at Southern Shipbuilding Superfund site
- **Safety Contractor of the Year, 1995** awarded by the U.S. Army Corps of Engineers, North Central Division and Chicago District, for outstanding safety performance on the Granite City Project
- **Commendation Letter, 1995** awarded by the U.S. Army Corps of Engineers, Omaha District, for completion of the Installation of SCAT Tanks, Indian Springs Air Force Base
- **Safety Award for Excellence, 1995 and 1994**, awarded by the U.S. Army Corps of Engineers, New Orleans District, for outstanding safety performance at the Bayou Bonfouca Source Control Operable Unit

Safety Contractor of the Year Award: Granite City Project

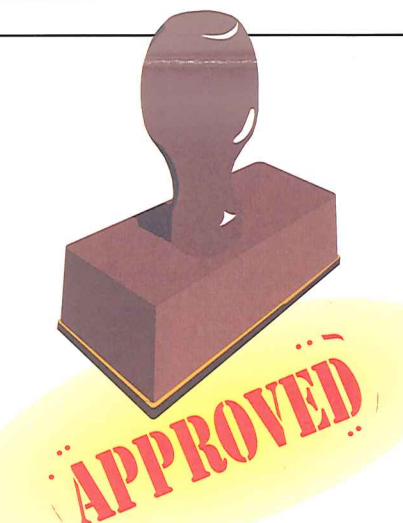


From left to right: Col. James R. Van Epps, Commander, North Central Division, USACE; Tom Seem, Mgr. of Operations, OHM; Thomas Bledworth, USACE On-Site Rep; Fred Halvorsen, VP of Health and Safety, OHM; Elvin Pauls, Superfund Area Engineer, USACE; John Hitchings, Director Regional Gov't Program, OHM; Lt. Col. Robert E. Slockbower, Commander, Chicago District, USACE; and Ron Barkley, USACE, Chicago District Safety Director.

Quality Service Yields Client Satisfaction and More Business

High levels of client satisfaction demonstrate that OHM is getting the job done right. OHM's client satisfaction program, which includes surveys via personal interviews, has several benefits for clients. It provides access to an OHM decision maker, immediate action to resolve a problem and makes it easier to do business with OHM. The program has many benefits for OHM as well, including early detection of problems and identification of areas where the Company needs to improve quality of service.

The survey process also sends a message to the client that they are important to OHM. Through continuous improvement, OHM builds repeat business with the client. The surveys, using a standard list of questions, are conducted by staff, independent of project operations. In addition, OHM maintains a client satisfaction hotline designed to provide a forum for immediate resolution of problems, before they become major issues.



Government Compliance

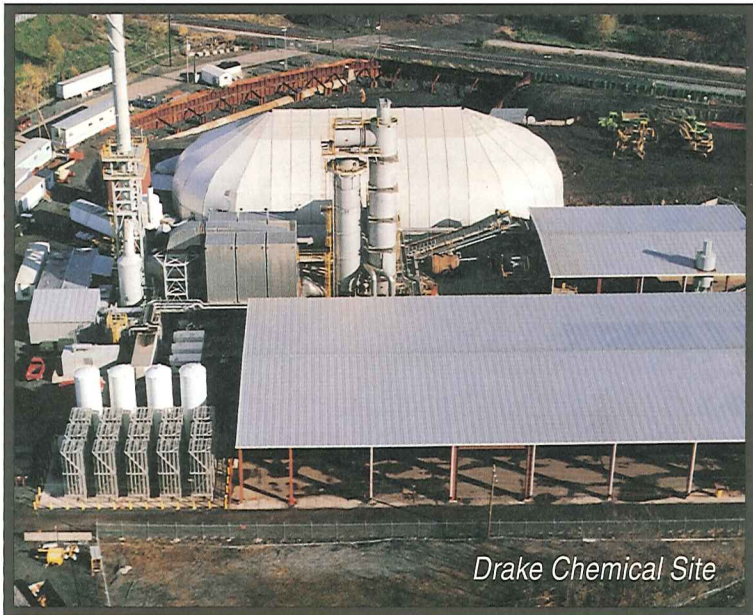
OHM invested in administrative functions that are key to positioning the Company for future work for the DOD, EPA and DOE. In 1996, the Company drew on highly experienced personnel to fill its senior ranks in its contract administration, compliance, procurement, accounting and billing organizations. To further support initiatives in these areas, significant investments were made to advance the use of information technology to the fullest extent possible. These investments were instrumental in the review and approval by government audit authorities of the following systems:

- Accounting
- Estimating
- Billing
- Procurement
- Government property
- Compensation

As OHM bids for additional government projects, the audit review and approval should provide a competitive advantage.

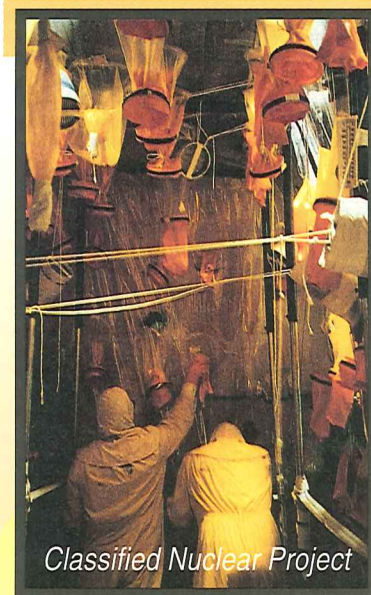
GETTING THE JOB DONE RIGHT: MAKING TECHNOLOGY WORK FOR OUR CLIENTS

The best solution is the most appropriate and cost-effective application of one or more technologies to meet the client's goals.



Drake Chemical Site

OHM's approach to technology applications has been consistent over the Company's history. No one technology is right for all problems; instead each client's specific needs must be evaluated. Then, OHM works to quickly determine the proper field application of advanced biological, thermal, chemical and/or physical treatment technologies to achieve the best value for the client's objectives. Integrated engineered solutions, leadership in the remediation technology marketplace and experience gained on approximately 31,000 projects in 27 years gives OHM the knowledge on which to base its technological recommendations.



Classified Nuclear Project

Nuclear

Acquisition of the Rust Division's nuclear waste remediation capabilities enhanced OHM's skills in high-level radioactive waste management. Chem*Matrix™ and Rad*Matrix™ are proprietary stabilization formulations used by OHM to maximize waste loading along with high compressive strengths for heavy metals and radionuclides. In the low-level radioactive waste area, OHM performed its first radioactive decontamination project under Superfund in 1982 and has since worked on several significant projects in this arena, including the DOE's first major site remediation, the closure of the M-Area basin at the Savannah River Plant in South Carolina. OHM now has projects underway at Hanford, Savannah River Plant, Monticello Uranium Mill Site and Brookhaven National Laboratories.

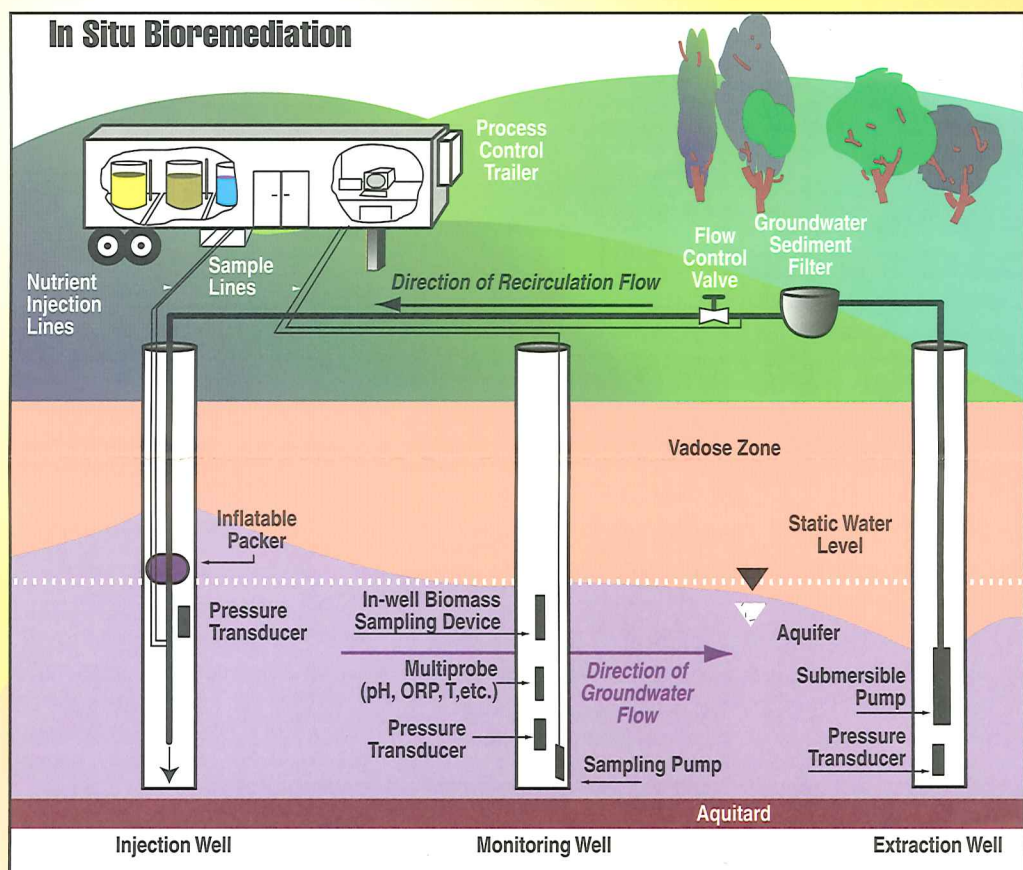
Technology solutions that OHM may choose for a project include . . .

Thermal Treatment

The most effective method of remediating sites with a wide variety of contaminants is thermal treatment at high temperatures, known as incineration, or at low temperatures, known as desorption. In the remediation industry, OHM believes it has the largest number of mobile thermal treatment systems and the highest level of utilization. Presently, the Company has five ongoing thermal projects with a combined contract value in excess of \$200 million.

Most notable among the thermal projects is the highly successful Baird & McGuire Superfund Site in Holbrook, Massachusetts, where OHM is incinerating over 200,000 tons of soil contaminated with more than 100 different hazardous materials. Begun in 1992, this project was delayed while citizen groups worked through their concerns with the EPA. The trial burn at the site was completed in early 1995. OHM's High Performance Mobile Treatment System demonstrated destruction of organic contaminants to levels more than ten times those required by federal regulation. At the same time, arsenic emissions were 540 times less than allowed under the contract specifications and lead emissions were 58,000 times less than allowed.

More than 200,000 tons of soil have been successfully treated at Baird & McGuire through mid February 1997. The high level of performance has also been conducted safely, with OSHA establishing that the site was in full compliance with OSHA standards following a comprehensive audit. With the project drawing to a close, the community will be pleased with the removal of the major source of contamination affecting its water supply.



Bioremediation

OHM is utilizing natural attenuation and accelerated in situ bioremediation to clean up numerous sites throughout the country. By providing nutrients and enhancing the natural conditions in situ biological treatment of hot spots (more highly contaminated areas) can be accelerated which allows the natural attenuation process to achieve cleanup goals in the fringe (less contaminated) areas. Use of in situ bioremediation is expected to increase in the future after gross contaminants are removed because the technology can economically achieve cleanup goals which are protective of human health and the environment.

Technologies in Combination

Because OHM is not wed to any one technology, OHM engineers and scientists often bring together a combination of technical approaches that enhance the effectiveness of the treatment process and provide more value to a client than a single treatment approach.

For example, at the Naval Air Facility, El Centro, California aircraft fueling facility, OHM designed, tested, installed, and is now operating its FIVE system in combination with in situ bioremediation. The FIVE system process increased the permeability, enhancing recovery of free product, eliminating the gross contamination, while providing for free product removal and volatilization of "light end" contamination as well as enhanced in situ bio-remediation of the remaining hydrocarbons.



FIVE Technology

FIVE Technology

FIVE Technology, or Fluid Injection with Vacuum Extraction, is a soil cleaning technology patented by OHM in 1984. The number and size of projects using this approach continues to proliferate because of its high quality, cost-effective results. The largest known application of this technology, with nearly 400 wells covering 60 acres and 10 miles of process piping, is ongoing at Midway Island, which is being reborn as a National Wildlife Refuge. This approach was selected in part because it permits treatment of contaminated soils without excavation and would not adversely impact the nesting activities of the 1.2 million gooney birds in residence on this island nine months of the year.



Our friends on Midway Island agree...OHM gets the job done right!

Photo by John A. Karachewski

OHM Lends Experts to the Fourth International Bioremediation Symposium
April 28 - May 1, 1997
New Orleans, Louisiana



OHM Corporation

Getting the Job Done Right



Doug Jerger
Technical Director
Session Co-Chair,
Bioslurry Reactors



Pat Woodhull
Senior Project Engineer
Session Co-Chair,
Manufactured Gas
Plant Site Remediation

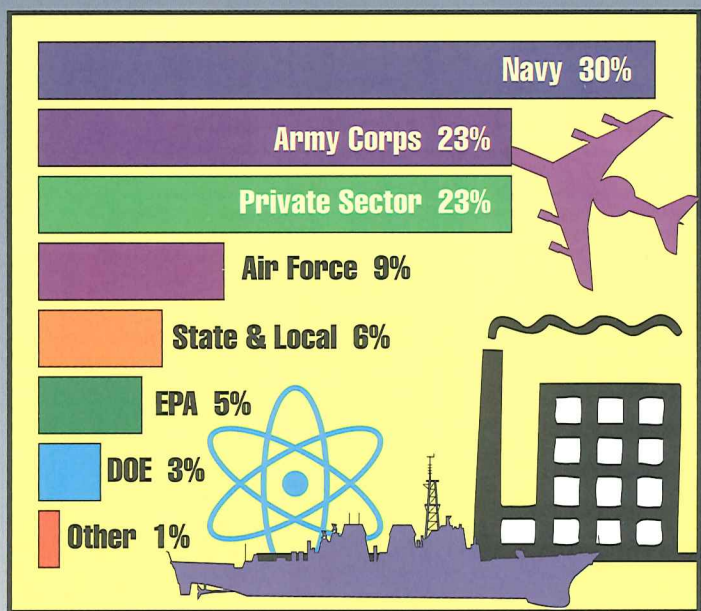


Paul Flathman
Senior Project Microbiologist
Session Co-Chair,
Toxicity and Geochemical
Considerations



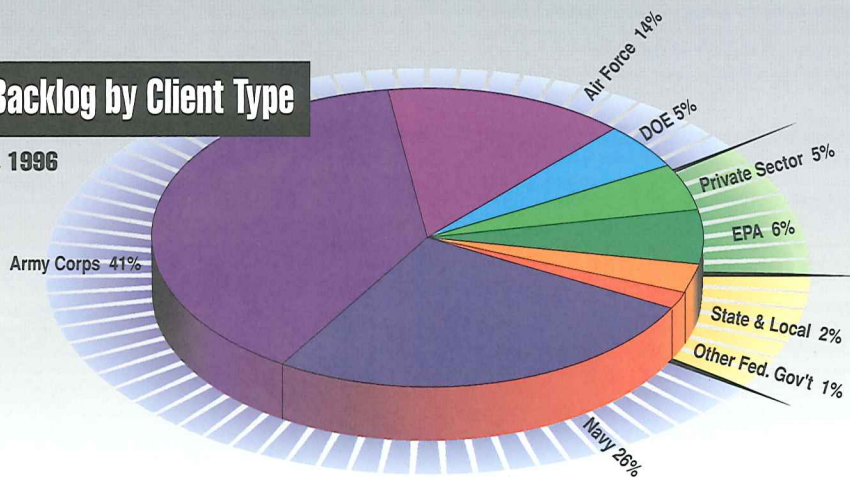
Dan Leigh
Senior Project Hydrogeologist
Session Co-Chair,
Aerobic Degradation of
Chlorinated Solvents

1996 Revenue by Client Type



Contract Backlog by Client Type

December 31, 1996
\$1.8 Billion



Private and Superfund Cleanups are Markets Driven by the EPA

Private sector activities were 23% of total revenue for 1996 and OHM continued to perform work for the EPA. OHM believes reauthorization of Superfund and EPA enforcement will be the force that drives growth in these market sectors.

The EPA is the federal government's primary funding source to implement and enforce most federal pollution control laws and, in addition, oversees Superfund, which pays for cleaning up hazardous substance spills and abandoned hazardous waste sites as well as compelling responsible parties to clean up inactive sites. Superfund also supports the federal Brownfields program, designed to assess, clean up and reuse former contaminated sites. While activities have continued under Superfund in recent years, authorization lapsed in 1996, lending a sense of urgency to Superfund reform and reauthorization.

In what is being termed the "Kalamazoo Initiative," in 1996 President Clinton announced a new national commitment to protecting communities from toxic pollution. The key components of the initiative, reflected in EPA's fiscal 1998 budget request, include accelerating Superfund cleanups and expanding the Brownfield Redevelopment Initiative. The initiative targets a doubling of the pace at which Superfund sites are remediated, so that 500 of the 1,200 Superfund sites are cleaned up within the next four years. The EPA requested a budget of approximately \$2.0 billion for fiscal year 1998, more than \$1.4 billion (estimated) of which would be devoted to remediation, an \$800 million boost from the fiscal 1997 budget.

Reauthorization of Superfund also could result in a rebound in private sector bidding opportunities, since many companies have opted to wait to see the impacts of Superfund reauthorization on their total environmental liability. However, certain major corporations are now proactively cleaning the environment to meet their corporate quality objectives and better manage their assets.

For the past three to four years, the growth of the private sector cleanup market has been hampered by inconsistent regulatory enforcement. In 1996, OHM continued its strong leadership in this sector including the following accomplishments:

- Completion of the Cleve Reber Louisiana Superfund Site closure for a group of major PRPs
- Start-up of a design/construct thermal treatment project in Macintosh, Alabama
- Ongoing remediation at a number of significant oilfield production sites in Kentucky for a major petroleum company
- In addition, OHM continued environmental support to major manufacturing, chemical, pharmaceutical, petroleum, and transportation providers.

In one example, just prior to the Olympic Games, OHM successfully immobilized chemical contamination from a rail accident near Atlanta, preventing potential embarrassment for the railroad and the Games. When the job needs to be done right, OHM is a name that can be relied upon. As this segment rebounds, OHM is well positioned for further growth and profitability.

Other Clients

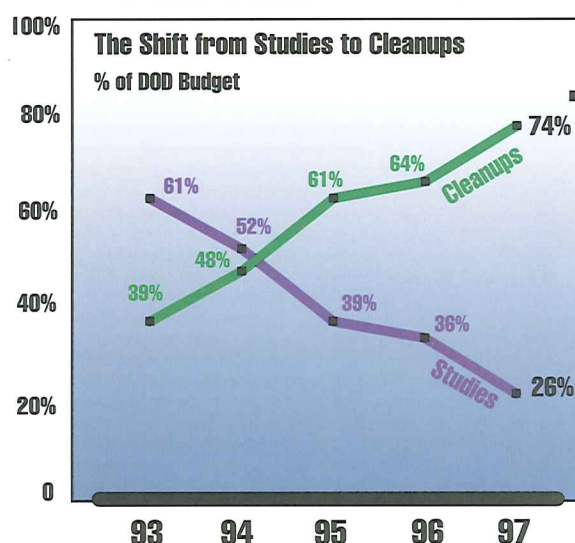
Projects funded by state and local governments as well as those from other federal agencies such as the Federal Aviation Administration and the U.S. Coast Guard, accounted for 7% of OHM revenue in 1996.

While the overall DOD budget for remediation is expected to remain stable over the next several years, the amount allocated for cleanup is expected to increase.

Source: Environmental Protection-Status of Defense Initiatives for Cleanup, Compliance, and Technology by the United States General Accounting Office Report to Congressional Requesters.

DOD...The Department of Defense Steady Progress on Significant Projects

In 1996, the DOD accounted for 62% of OHM's revenues. Through the next five to seven years, spending is expected to remain steady as the DOD's environmental mission is fulfilled.



Source: Environmental Protection-Status of Defense Initiatives for Cleanup, Compliance, and Technology by the United States General Accounting Office Report to Congressional Requesters.

The Department of Defense, charged with bringing active military installations into compliance with environmental regulations and making closed military bases viable for other uses, has benefited from bipartisan support of its efforts, relatively stable funding and its ability to transition its resources to actual cleanup work. According to a General Accounting Office (GAO) report to Congress, as of March 1996, the DOD had allocated \$3.4 billion for its Base Realignment and Closure cleanup program. As more bases are closed and more cleanup actions are underway, program costs are likely to increase significantly, with DOD data indicating that total spending could exceed \$11 billion before cleanups are completed well into the next century. Funding for the DOD environmental programs is in the range of \$2 billion again in 1997, with an expected 3% increase in fiscal year 1998. For 1997, 74% of the funds are earmarked for cleanup vs. 64% in 1996, continuing the trend begun in 1994 to raise that percentage each year.

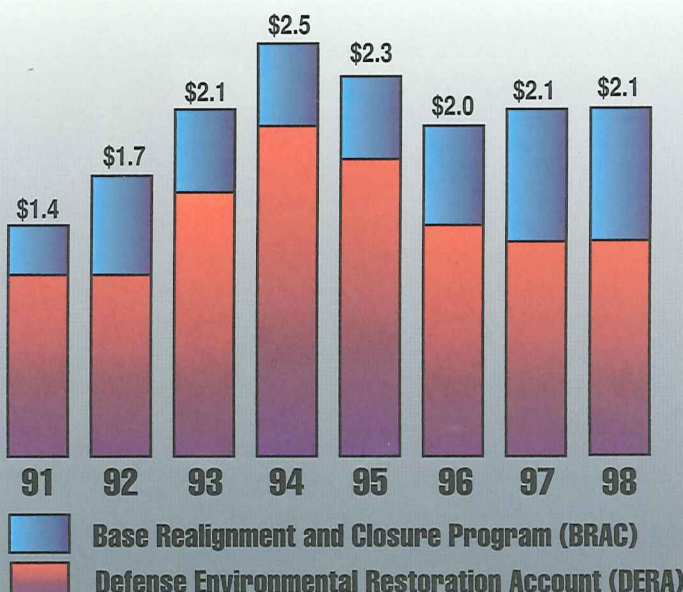
Industry analysts have observed that completion of front-end studies has enabled the DOD now to shift decisively to remedial action construction. The GAO report to Congress indicates that risk assessments have been completed

on about 70% of the approximately 10,000 operational and formerly used defense sites that may require future cleanup.

Certain DOD contracts originally awarded in 1993 and 1994 will begin to enter the renewal process in 1997. Remediators with track records of client satisfaction, high performance scores and compliance with other government requirements, e.g., small business subcontracting programs, are expected to be well positioned to win these renewals.

OHM has more than 20 contracts with DOD agencies representing a combined contract backlog of \$1.5 billion at year end 1996. Over the past five years, the Company has generated \$850 million in revenue from its DOD contract awards. While contract renewals are expected to help maintain this contract backlog level in the short-term, these projects are working toward a successful conclusion – return of key sites to economic use in their communities. In 1996, OHM added renewal contracts of \$75 million for Wright Patterson Air Force Base in Dayton, Ohio and \$50 million for a Pre-Placed Remedial Action Contract for the Omaha District of the U.S. Army Corps of Engineers to its DOD contract backlog.

DOD Environmental Programs Budget \$ in Billions



Legend: Base Realignment and Closure Program (BRAC), Defense Environmental Restoration Account (DERA)

GETTING THE JOB: OHM IN THE MARKETPLACE

DOE ... The Department of Energy

The Remediation Market for the Next 50 Years

DOE projects accounted for only 3% of revenue for OHM in 1996, leaving plenty of room for growth. Based on DOE's cleanup requirements, the DOE could one day become OHM's largest source of revenue.

The Department of Energy and its predecessors have been involved in the research, production and testing of nuclear weapons since the 1940s. Government and privately owned facilities used to support that effort include 130 sites and facilities in over 30 states and territories. The end of the cold war and resulting desire to downsize nuclear weapons production, along with federal requirements that DOE facilities be brought into compliance with environment regulations, have created one of the largest environmental management programs in the world, estimated to be between \$200 and \$350 billion over 50 to 75 years, according to *Estimating The Cold War Mortgage, The 1995 Baseline Environmental Management Report*. The DOE budget was approximately \$6.0 billion in 1996 for all aspects of environmental management, including about \$1.8 billion for environmental restoration, and Congress has allocated approximately \$2.1 billion for DOE environmental restoration in 1997 even though total expenditures are expected to be relatively unchanged. The vast majority of DOE sites have not yet completed

the assessment phase and no major DOE site has been totally remediated.

The DOE market is entering a period in which a number of remediation projects are expected to be awarded. However, the bidding process for DOE contracts has tended to take longer and cost more than bidding with other government agencies, primarily because of the size and complexity of the projects. Industry analysts expect that the DOE will continue to utilize contract mechanisms to accelerate project completions, including performance-based contracts. Opportunities of particular significance in 1997 on which OHM has bid, include the Mound Site, an Ohio DOE facility where OHM's expertise and commitment to Ohio's environment make it a strong contender. In the first half of 1997, OHM expects to submit bids on about 14 major DOE project opportunities.

In 1995, OHM was awarded significant contracts by the DOE, reflecting the Company's 27 years of experience and strengthened competitive position with the acquisition of the Rust Division. At year-end 1996, total contract backlog from DOE projects stood at \$93 million, with more than \$2 billion in opportunities anticipated in 1997.



OHM Solves Problems for the DOE Using Commercial Nuclear Experience

As the DOE market shifts toward cleanup, companies are being encouraged by the DOE to apply "best commercial practices" to assist in accelerating the cleanup process and reducing costs. At the DOE's Brookhaven National Laboratory in New York, OHM was called upon to support the removal and transportation of a highly radioactive shield plug from a nuclear reactor that had been previously decommissioned. Relying on twenty years of commercial nuclear facility decommissioning experience, OHM brought in a horizontal-loaded, Vandenberg shipping cask, used extensively in commercial industry, to safely package and transport across the country in one piece the DOE nuclear reactor shield plug. This project marked the first

use of this cask at a DOE facility and represented the application of readily available, commercial technology to accelerate the DOE's schedule, lower costs and reduce hazards to employees.

Since 1989, OHM has safely transported more than 30 million curies of radioactive sources for the DOE to its Hanford, Washington disposal facility without a single incident or mishap. In addition, OHM is currently the only authorized commercial user of DOE's "Beneficial Uses Shipping System" transport cask that was designed by Sandia National Laboratories for the DOE to ship highly radioactive materials.

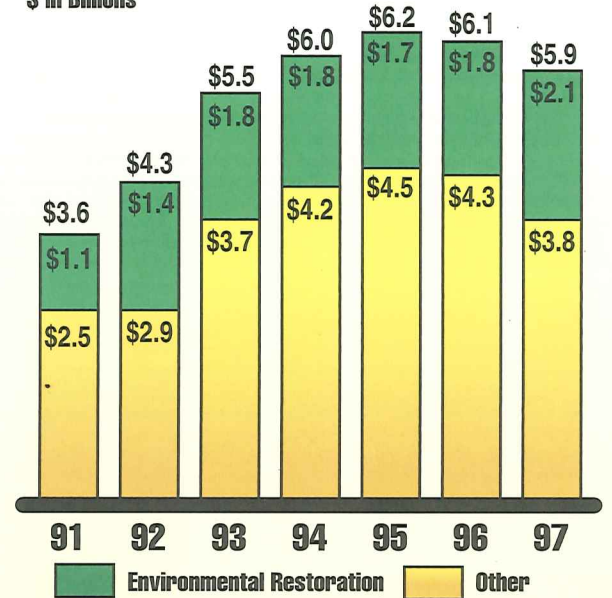
OHM Supports DOE in Nuclear Facility Deactivation and Transition

As a cost-effective alternative to demolition and new facility construction, OHM is assisting the DOE in decontaminating nuclear research laboratories and buildings so they can be upgraded to support alternative future uses. This process helps the DOE save millions of dollars in facility demolition and new construction costs.

In 1996, OHM continued its support of the DOE through a multi-year Radiological Decontamination and Deactivation Services contract at a major facility

involved in nuclear research programs for the DOE and DOD. Under this contract, OHM has successfully completed deactivation and transition of several radiological laboratories and "hot cells," with ongoing work scheduled into 1997. Projects such as these help to establish OHM as a key player in the growing nuclear remediation market.

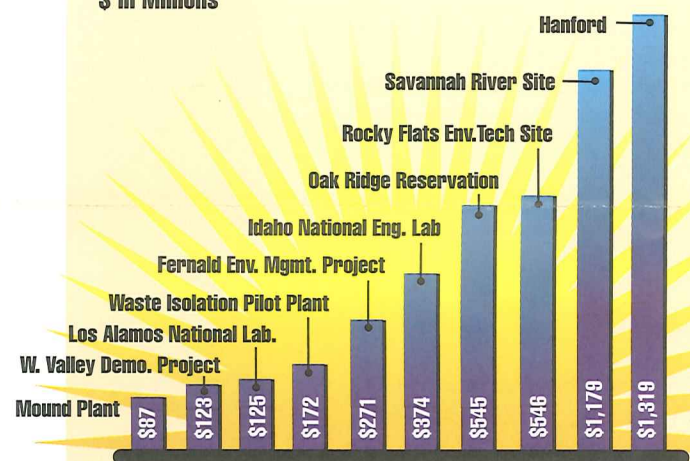
DOE Environmental Management Program Budget
\$ in Billions



For the fourth consecutive year, the DOE is expected to have a budget in the range of \$6 billion for environmental management. The shift in the mix of the budget toward cleanups should be more pronounced in 1997 and continue to increase in the future.

Source: Environmental Management by United States Department of Energy 1996 Progress and Plans of the Environmental Management Program, November 1996.

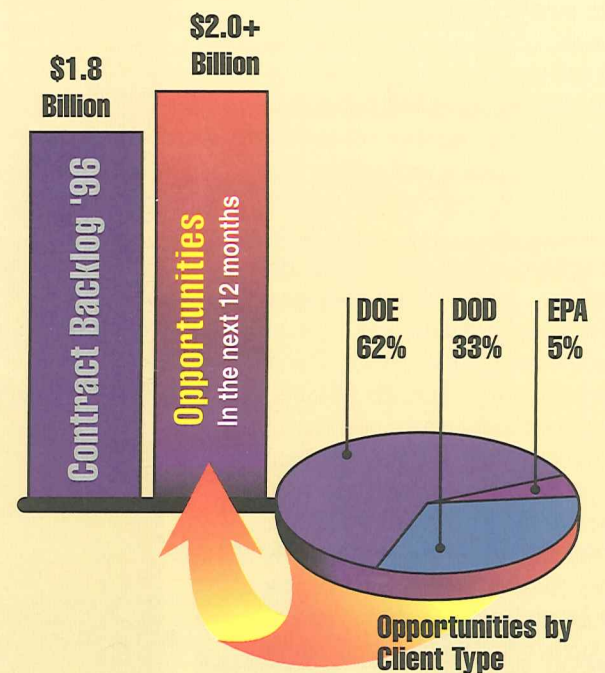
DOE Environmental Management
1997 Budget Request
\$ in Millions



More than 96% of the DOE's Environmental Management 1997 budget request will go directly to the field to manage and begin to remediate former weapons production sites. Activities at these 10 sites account for more than 73% of the program's budget because they include the largest sites that face the most complex problems, address the most urgent risks or conduct large-scale technology projects.

Source: Environmental Management by United States Department of Energy 1996 Progress and Plans of the Environmental Management Program, November 1996.

Contract Momentum Driven by DOE and DOD



Equipment and Technical Support

Maximizing the Return on Equipment Assets

In 1996, OHM focused on maximizing the return from its nearly \$100 million in equipment assets. Utilization of these assets, which include heavy and light construction equipment, small tools, supplies and specialty equipment, generated a substantial portion of the Company's revenues in 1996. Dedicating financial and administrative oversight, the Company centralized the management of these resources to improve procurement and utilization. During the course of the year, the group:

- Improved scheduling and monitoring of equipment owned or rented, identifying long-term commitments and frequently used items
- Centralized purchasing of equipment
- Reduced the number of equipment suppliers
- Grew fleet and repositioned equipment locations
- Increased equipment utilization
- Standardized the equipment to simplify training and maintenance
- Redeployed or disposed of underutilized equipment

The improvements made in the equipment area should contribute to OHM's margins in 1997 and beyond through higher utilization, lower training and maintenance costs and improved purchasing leverage with a fewer number of suppliers.

Project Technical Support

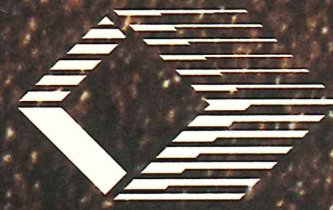
1996 marked the completion of an expansion program designed to help the Company keep pace with its growth as a leading environmental cleanup contractor in the United States. The expansion doubled the amount of space available for OHM's engineering services group, which specializes in designing new, innovative applications of proven remediation technologies. OHM's technical expertise has been a deciding factor in many contract wins over the past several years.

The Company's training facilities also received a facelift and additional space. OHM annually provides 80,000 hours of training to new and current employees in occupational health and safety, chemical sampling, procurement policies and procedures, cost tracking, project management, and equipment operation. The new corporate training center is equipped with state-of-the-art audio-visual equipment and can accommodate 30 computer equipped stations. Hands-on training in the operation of environmental treatment equipment is provided at a specially designed facility in the Findlay complex. OHM's commitment to training is one reason for the Company's unprecedented safety record, a factor both in project profitability and client satisfaction.

Getting the Job Done Right, When and Where You Need Us.

One of OHM's objectives has been to achieve strong geographic positioning of its equipment and human resources.

By strategically placing offices and equipment across the country, OHM can successfully bid for projects that require national response capabilities. In addition, a broadened customer base reduces the Company's exposure to geographic economic cycles and protects the Company from the weather related seasonality of some geographic markets.



OHM Corporation