



OHM Corporation

NEWS RELEASE

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OHM Reports 1994 and Fourth Quarter Record Revenues and Strong Bottom Line Performance Exclusive of Previously Announced Special Reserve Highlights Record Year-End \$1.7 Billion Contract Backlog and Continuing Prospects for Growth in 1995

For Immediate Release

FINDLAY, OHIO, February 2, 1995 -- OHM Corporation (NYSE:OHM), a leading nationwide environmental remediation firm, today reported that it doubled its contract backlog to a record year-end \$1.7 billion and set a new record for gross revenues at \$323.4 million, an increase of 33.4%, for the year ended December 31, 1994. The Company also reported a 34.3% increase in net earnings per share, exclusive of a previously announced reserve for accounts receivable. OHM said it would have reported 1994 net income of \$7.4 million or \$0.47 cents per share, up from \$0.35 for 1993, were it not for the \$15 million or \$0.96 per share after-tax reserve against certain accounts receivable taken in the fourth quarter. The Company reported a net loss of \$7.6 million or \$0.49 per share for the year as a result of the reserve.

"During 1994, we were awarded over \$1.1 billion of new government term contracts, which confirmed the strength of our strategic plan to capture multi-year federal contracts. Our record backlog of projects and the potential value of government term contracts creates opportunities for strong revenues and earnings growth in 1995," commented James L. Kirk, OHM's Chairman, President and Chief Executive Officer.

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Revenue Growth Benefits from Government Spending

The Company said the record revenue levels achieved in 1994 came primarily as a result of work from long-term government contracts. Revenues from remediation projects performed for the government or public sector increased 84% in 1994, more than offsetting weak demand for remediation services in the private sector. The government sector provided 64.5% of OHM's 1994 gross revenues and included work under contracts with Department of Defense military branches, as well as the EPA and state, local and municipal government agencies. "In 1994, we began to see real progress toward our goal of deriving 50% to 60% of annual revenues from contract backlog in place at the beginning of the year. Based on our track record for converting government contracts into revenues and the fact that we already see significant work coming from contracts awarded in 1994, we believe the momentum gained in 1994 should continue through 1995," Kirk stated.

Company Makes Progress to Improve Operating Margin

Excluding the accounts receivable reserve, pro forma operating margin as a percentage of net revenues increased to 8.1% for the year from 7.4% for the previous year, primarily as a result of greater utilization of the Company's infrastructure to support the higher revenue levels. The Company noted that its earlier investments in geographic expansion and the efforts over the past several years to strengthen its operating infrastructure to support long-term projects also positively affected the margin in 1994. Selling, general and administrative expenses, as a percentage of net revenues excluding the reserve, declined to 13.2% in 1994, down from 15.4% in 1993.

Company Achieves Record Fourth Quarter Revenues and Income, Exclusive of the Charge

As previously reported, the Company posted a \$25 million pre-tax reserve in the fourth quarter. As a result of the charge, the Company reported a net loss of \$13.1 million or \$0.84 per share and gross revenues of \$62.4 million for the fourth quarter ended December 31, 1994. The reserve recorded in the fourth quarter was for accounts receivable, primarily where such accounts are in litigation, including projects performed by the Company for Citgo Petroleum Company and Occidental Chemical Corporation. In the litigation with Citgo over contract specifications, OHM has asserted claims for payment against Citgo in excess of \$35 million. While the Company believes its legal position in the litigation remains strong, it said it was motivated to establish the reserve to provide it with the flexibility to pursue resolution of the matter. Excluding the reserve, OHM would have reported an 11.4% gain in fourth quarter gross revenues to a fourth quarter record of \$87.4 million, compared with gross revenues of \$78.4 million in last year's fourth quarter. Fourth quarter 1994 net income, excluding the reserve, increased 72.3% to \$1.9 million over net income of \$1.1 million for the same period in 1993, resulting in a 50% increase in earnings per share to \$0.12 from \$0.08 for the 1993 period.

Shifting Markets Favor Remediation

"The baseline for our strategic plan has been to maintain our focus on hazardous waste remediation and capture larger, multi-year contracts. It has paid off as the market shifts from studies and assessments to the actual cleanup of hazardous wastes in a marketplace estimated to be in excess of \$9 billion in 1995." Kirk said.

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He added, "There is evidence of this shift in the major federal programs administered by the EPA and the Department of Energy. However, the most compelling indicator of this shift is the Department of Defense fiscal year 1995 funding for environmental work for its base restoration and closure program which increased the allocation for remediation work to approximately 60% of the funding, up from 40% just two years ago. With more than 80% of OHM's contract backlog from DOD military organizations, we are well positioned to benefit from increased spending on environmental remediation expected in 1995."

Commenting on the potential impact the Republican majority in the 104th Congress could have on the remediation segment of the environmental services market, Kirk said, "Overall, we believe the Republican mandate is to cut government spending, not necessarily to roll back environmental protection laws. There will undoubtedly be reductions in the environmental area, but we believe they will focus on compliance issues involving studies and assessments and ongoing waste generation, not necessarily on cleanup activities for existing hazardous waste problems where real progress can be demonstrated."

Market Shift Triggers Consolidation

"As the trend toward cleanups intensifies, we expect to see greater consolidation among the companies providing remediation services, and, subsequently, a marketplace served by larger companies will emerge. OHM has made noteworthy progress in laying the foundation to be a significant force in this new market. The addition of Rust's remediation business will enhance OHM's already strong competitive position." Kirk said.

As announced on December 6, 1994, OHM and Rust International Inc. (NYSE:RST) have signed a definitive agreement under which OHM will acquire Rust's hazardous waste and nuclear remediation services businesses. The Company expects the transaction to close in early May, subject to approval by its shareholders. In exchange for the businesses acquired, OHM will issue to Rust 10,368,000 shares of OHM common stock, representing approximately 40% of OHM's outstanding shares following the completion of the transaction.

With combined pro forma 1994 revenues of \$570 million, following completion of the transaction, OHM will be the largest Company dedicated to on-site remediation. Combined resources will include 3,100 employees and a strong nationwide client base in both the public and private sector.

The Company expects the transaction will result in a substantially improved balance sheet, with total debt to capitalization of less than 45%, improved cash flows to support the Company's growth and a \$75 million, five-year guarantee of the Company's debt obligations to be provided by WMX Technologies, Inc.

"It has always been our goal to have the greatest depth and breadth of technological and remediation experience in the business and to further enhance OHM's position as a leader. This transaction will strengthen our financial position, and we expect that it will also add to our earnings per share," Kirk said.

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With nearly 26 years of experience and the successful completion of more than 19,000 projects, OHM is a leading nationwide environmental remediation firm and a major emergency response contractor. The Company provides a broad range of physical, chemical, biological, and thermal treatment technologies to clean up hazardous waste through its 25 locations in the United States. OHM provides its services to a diverse client base in the private sector including petroleum, chemical, transportation, and general manufacturing firms as well as the public sector including the US Army Corp of Engineers, the US Departments of the Navy and the Air Force, the US EPA and at US Department of Energy facilities.

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OHM Corporation

CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands, Except Per Share Data)

<u>QUARTER ENDED DECEMBER 31:</u>	As Reported		Pro Forma	
	1994	1993	1994 (1)	1993
			(Unaudited)	
Gross Revenues	\$62,356	\$78,411	\$87,356	\$78,411
Net Revenues	34,096	53,429	59,096	53,429
Gross Profit (Loss)	(11,886)	10,974	13,114	10,974
Selling, General and Administrative Expense	8,259	7,189	8,259	7,189
Operating Income (Loss)	(20,145)	3,785	4,855	3,785
Net Income (Loss)	(13,105)	1,100	1,895	1,100
Net Income (Loss) Per Share	(\$0.84)	\$0.08	\$0.12	\$0.08
Weighted Average Number of Common and Common Equivalent Shares Outstanding	15,612	13,290	15,612	13,290

<u>YEAR ENDED DECEMBER 31, 1994</u>	As Reported		Pro Forma	
	1994	1993	1994 (1)	1993
			(Unaudited)	
Gross Revenues	\$323,381	\$242,401	\$348,381	\$242,401
Net Revenues	220,267	175,740	245,267	175,740
Gross Profit	27,222	40,060	52,222	40,060
Selling, General and Administrative Expense	32,281	27,110	32,281	27,110
Operating Income (Loss)	(5,059)	12,950	19,941	12,950
Net Income (Loss)	(7,616)	4,407	7,384	4,407
Net Income (Loss) Per Share	(\$0.49)	\$0.35	\$0.47	\$0.35
Weighted Average Number of Common and Common Equivalent Shares Outstanding	15,582	12,506	15,582	12,506

Note:

(1) Pro Forma amounts for the three and twelve months ended December 31, 1994, exclude the effects of a \$25 million pre-tax charge to establish a reserve for accounts receivable, primarily where such accounts are in litigation, including projects performed by the Company for Citgo Petroleum Company and Occidental Chemical Corporation.