CALGON CARBON CORPORATION
Form POS AM
September 26, 2007

Table of Contents

As filed with the Securities and Exchange Commission on September 26, 2007

Registration No. 333-144463

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1
TO
Form S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CALGON CARBON CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**2810**	**25-0530110**
(state or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code)*	*(I.R.S. employer identification no.)*

P.O. Box 717
Pittsburgh, Pennsylvania 15230-0717
(412) 787-6700
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Dennis M. Sheedy, Esq.
Vice President, Secretary and General Counsel
Calgon Carbon Corporation
P.O. Box 717
Pittsburgh, Pennsylvania 15230-0717
(412) 787-6700
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a Copy to:

Elliot S. Davis, Esq.
Kirkpatrick & Lockhart Preston Gates Ellis LLP
Henry W. Oliver Building
535 Smithfield Street
Pittsburgh, Pennsylvania 15222
(412) 355-6500

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: þ

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o – –

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o – –

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o – –

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

TABLE OF ADDITIONAL REGISTRANTS

Exact Name of Registrant As Specified in its Charter	State or Other Jurisdiction of Incorporation or Organization	IRS Employer Identification Number	Address, including Zip Code, and Telephone Number, including Area Code, of Registrant s Principal Executive Offices
Calgon Carbon Investments, Inc.	Delaware	25-1661281	P.O. Box 717 Pittsburgh, Pennsylvania 15230-0717 (412) 787-6700
BSC Columbus, LLC	Delaware	20-0748359	P.O. Box 717 Pittsburgh, Pennsylvania 15230-0717 (412) 787-6700
CCC Columbus, LLC	Delaware	20-0744863	P.O. Box 717 Pittsburgh, Pennsylvania 15230-0717 (412) 787-6700

Explanatory Note

This Post-Effective Amendment No. 1 to the Registration Statement on Form S-1 of Calgon Carbon Corporation, Calgon Carbon Investments, Inc., BSC Columbus, LLC and CCC Columbus, LLC (File No. 333-144463) is being filed to include financial information related to Calgon Carbon Corporation s fiscal quarter ended June 30, 2007.

Table of Contents

The information in this prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 26, 2007

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-144463

Preliminary Prospectus

Calgon Carbon Corporation

$75,000,000
5.00% Convertible Senior Notes due 2036

Interest payable February 15 and August 15

Issue Price: 100%

On August 18, 2006, we issued $75,000,000 aggregate principal amount of 5.00% Convertible Senior Notes due 2036 in a private offering. This prospectus covers resales from time to time by selling securityholders of any or all of their notes, including the related guarantees, and shares of our common stock into which the notes are convertible. We will not receive any proceeds from the resale by the selling securityholders of the notes or the shares of common stock hereunder.

The notes bear interest at a rate of 5.00% per year. Interest on the notes accrues from August 18, 2006. Interest is payable semiannually in arrears on February 15 and August 15 of each year, beginning February 15, 2007. The notes will mature on August 15, 2036.

Prior to June 15, 2011, holders may convert their notes under the following circumstances: (1) during any calendar quarter (and only during such calendar quarter) commencing after September 30, 2006, if the last reported sale price of our common stock is greater than or equal to 120% of the conversion price of the notes for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter; (2) during the five business day period after any 10 consecutive trading-day period (the measurement period) in which the trading price per note for each day in the measurement period was less than 103% of the product of the last reported sale price of our common stock and the conversion rate on such day; or (3) upon the occurrence of specified corporate transactions described in this prospectus. On or after June 15, 2011, holders may convert their notes at any time prior to 5:00 p.m., New York City time, on the business day immediately preceding the maturity date. Upon conversion, we will pay cash and shares of our common stock, if any, based on a daily conversion value (as described herein) calculated on a proportionate basis for each day of the 25 trading-day observation period.

The initial conversion rate is 196.0784 shares of our common stock per $1,000 principal amount of notes, equivalent to an initial conversion price of approximately $5.10 per share of common stock. The conversion rate is subject to adjustment in some events but will not be adjusted for accrued interest. In addition, following certain fundamental changes that occur prior to August 15, 2011, we will increase the conversion rate for holders who elect to convert notes in connection with such fundamental changes in certain circumstances.

We may not redeem the notes before August 20, 2011. On or after that date, we may redeem all or a portion of the notes at any time. Any redemption of the notes will be for cash at 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

Holders may require us to purchase all or a portion of their notes on each of August 15, 2011, August 15, 2016 and August 15, 2026. In addition, if we experience specified types of fundamental changes, holders may require us to purchase the notes. Any repurchase of the notes pursuant to these provisions will be for cash at a price equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date.

The notes are our senior unsecured obligations, and rank equally in right of payment with all of our other existing and future senior unsecured indebtedness. The notes are guaranteed by certain of our domestic subsidiaries on a senior unsecured basis. The subsidiary guarantees are general unsecured senior obligations of the subsidiary guarantors and rank equally in right of payment with all of the existing and future senior unsecured indebtedness of the subsidiary guarantors. If we fail to make payment on the notes, the subsidiary guarantors must make them instead. The notes are effectively subordinated to any indebtedness of our non-guarantor subsidiaries. The notes are effectively junior to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness.

We do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system. The notes originally issued in the private offering are eligible for trading on The PORTAL^{sm} Market of the National Association of Securities Dealers, Inc. However, the notes sold pursuant to this prospectus will no longer be eligible for trading in The PORTAL^{sm} Market of the National Association of Securities Dealers, Inc.

Our common stock is listed on the New York Stock Exchange under the symbol CCC. The last reported sale price of our common stock on the New York Stock Exchange on September 25, 2007 was $13.87 per share.

See Risk factors beginning on page 6 for a discussion of certain risks that you should consider in connection with an investment in the notes.

The notes, including the related guarantees, and the common stock may be sold from time to time by the selling securityholders named in this prospectus through public or private transactions, at prevailing market prices or at privately negotiated prices, either directly or through agents or broker-dealers acting as principal or agent. The selling securityholders may engage underwriters, brokers, dealers or agents, who may receive commissions or discounts from the selling securityholders. We will pay substantially all of the expenses incident to the registration of the notes, including the related guarantees, and shares of our common stock, except for the selling commissions, if any. See Plan of Distribution.

The date of this prospectus is , 2007

In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with any other information. If anyone provides you with different or inconsistent information, you should not rely on it.

Neither we nor our representatives are making an offer to sell these securities in any jurisdiction where the offer is not permitted.

You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus. You should not assume that the information contained in the documents incorporated by reference in this prospectus is accurate as of any date other than the respective dates of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

TABLE OF CONTENTS

Table of Contents

Calgon Carbon Corporation

We are one of the leading global suppliers of activated carbon, producing approximately 130 million pounds annually, or approximately 31% of estimated annual U.S. demand and approximately 11% of estimated global demand. We specialize in the manufacture and supply of activated carbon in granular form, and the design of innovative treatment systems and value-added technologies and services for the purification of water and air and other process streams. We have approximately 850 employees, 16 operational facilities and 23 sales and service centers in North America, Europe and Asia.

Products and services

We offer a diverse range of products, services and equipment specifically developed for the purification, separation and concentration of liquids and gases through three business segments.

Activated Carbon and Service segment 84% of 2006 net sales

The Activated Carbon and Service segment primarily consists of activated carbon products and field services, including reactivation. The sale of activated carbon is the principal component of this business segment. We produce and sell a broad range of activated carbons, in granular, powdered or pellet form. Activated carbon is a porous material that removes organic compounds from liquids and gases by a process known as adsorption. In adsorption, organic molecules contained in a liquid or gas are attracted and bound to the surface of the pores of the activated carbon as the liquid or gas is passed through. We also have a patented manufacturing process which enhances the catalytic functionality of activated carbon, expanding its capability to remove inorganic compounds; the product was introduced in 1994 and is called Centaur®.

The primary raw material used in the production of our activated carbons is bituminous coal which is crushed, mixed with pitch, sized and processed in low temperature bakers followed by high temperature furnaces. This heating process is known as activation and develops the pore structure of the carbon. Through adjustments in the activation process, pores of the required size for a particular purification application are developed. Our technological expertise in adjusting the pore structure in the activation process has been one of the factors that has enabled us to develop many special types of activated carbon.

We also market lower priced, lower value-added activated carbon produced by other suppliers outside the United States, principally in China, as well as activated carbons made from other raw materials, including coconut or wood, produced by industry partners and suppliers.

The other significant component of this business segment is the reactivation of activated carbons. Reactivation is a process by which organic compounds that have been adsorbed by the carbon are destroyed. The process entails passing the spent activated carbon through a high temperature furnace. The reactivated carbon can then be re-used. Our reactivation service includes handling and transportation of the activated carbon. Another component of this business segment is various services associated with the supply of media, such as activated carbon, ion exchange resins and anthracite, among others and systems for purification, separation and concentration as well as the supply of equipment through leasing arrangements.

Table of Contents

These services are particularly suited for treating fluids at a customer s facility containing hazardous or non-hazardous organic compounds.

We also provide a perchlorate removal service for groundwater treatment which utilizes ion exchange resins and equipment. This service includes feasibility studies, process and equipment design, assembly and supply of systems with a selected ion exchange resin, treatment services and major maintenance of Company owned equipment. We also provide resin exchange service along with disposal of the spent resins.

We lease a line of adsorption and filtration equipment to clean water from contaminated aquifers and industrial wastewater and surface impoundments, and other equipment to purify gases and liquids in industrial process applications.

Our purification services are used to improve the quality of food, chemical, pharmaceutical, and petrochemical products. Such services may be utilized in permanent installations or in temporary applications, as pilot studies for new manufacturing processes or recovery of off-specification products.

Equipment segment 12% of 2006 net sales

We design and sell equipment which employs activated carbon and ion exchange resins for purification, separation and concentration, and proprietary ion exchange technology based continuous ion exchange units for the purification of many products in the food, pharmaceutical and biotechnology industries. We also provide a wide range of odor control equipment that utilizes catalytic or activated carbon to control odors at municipal wastewater treatment facilities and pumping stations.

Our ultraviolet (UV) light equipment is effective for disinfecting both drinking water and wastewater. In drinking water, UV light alters the DNA of pathogens, such as Cryptosporidium and Giardia, making it impossible for them to reproduce and infect humans. Our drinking water disinfection product line is designed to protect municipal drinking water supplies from such pathogens. Our wastewater disinfection product line is designed to disinfect municipal wastewater. In addition, UV light is effective in combination with hydrogen peroxide in destroying many contaminants common in groundwater remediation applications via our advanced oxidation equipment.

Consumer segment 4% of 2006 net sales

The primary product offered in the Consumer segment is carbon cloth, which is activated carbon in cloth form. Carbon cloth is sold to the medical, industrial and military markets.

Activated carbon and carbon cloth are used as the primary raw material in our consumer home products group. We currently have two primary product lines that we market to the retail market. The first product line, PreZerve® storage products, uses carbon cloth to protect and preserve jewelry and keepsakes from deterioration. The second product line, AllGone™, is an odor elimination system that utilizes activated carbon discs to adsorb odors and impurities from the air safely and naturally.

Our principal executive offices are located at 400 Calgon Carbon Drive, Pittsburgh, PA 15230-0717, and our telephone number is (412) 787-6700. Our website is www.calgoncarbon.com. The information on our website is not part of this prospectus.

Table of Contents

Summary consolidated financial and operating data

The following summary consolidated financial and operating data as of December 31, 2006 and for the years ended December 31, 2004, 2005 and 2006 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated financial and operating data as of June 30, 2007 and for the six months ended June 30, 2006 and June 30, 2007 have been derived from our unaudited condensed consolidated financial statements incorporated by reference in this prospectus.

In the opinion of management, the unaudited condensed consolidated financial statements as of June 30, 2007 and for the six months ended June 30, 2006 and June 30, 2007 have been prepared on a basis consistent with the audited consolidated financial statements. In the opinion of management, such unaudited condensed consolidated financial statements include all adjustments, which are normal and recurring adjustments, necessary for a fair presentation of our financial position and results of operations as of and for these periods. Operating results for the six months ended June 30, 2007 are not necessarily indicative of the results that may be expected for any corresponding interim period or for the year ending December 31, 2007.

The following summary consolidated financial and operating data should be read together with, and are qualified by reference to, our audited Consolidated Financial Statements, including the accompanying notes, included elsewhere in this prospectus and Selected Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations appearing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, and our unaudited condensed consolidated financial statements, including the accompanying notes, appearing in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007, which are incorporated by reference into this prospectus.

Table of Contents

(in thousands, except per share amounts and ratios)	Year ended December 31, 2004	2005	2006	Six months ended June 30, (unaudited) 2006	2007
Income Statement Data:					
Net sales	$ 295,877	$ 290,835	$ 316,122	$ 157,089	$ 171,458
Cost of products sold (excluding depreciation)	207,523	215,330	236,673	117,373	117,980
Depreciation and amortization	22,004	21,042	18,933	9,592	8,592
Selling, general and administrative expenses	54,543	59,547	62,003	30,942	29,615
Research and development expenses	3,801	4,506	4,248	2,238	1,735
(Gain) loss from insurance settlement		1,000	(8,072)	(4,899)	
Goodwill impairment charge			6,940		
Gulf Coast facility impairment charge		2,158			
Restructuring charges		412	7	7	
Income (loss) from continuing operations	8,006	(13,160)	(4,610)	1,836	13,536
Interest income	697	719	822	320	702
Interest expense	(3,409)	(4,891)	(5,977)	(3,098)	(2,860)
Other expense net	(3,238)	(2,138)	(2,209)	(1,358)	(811)
Income (loss) from continuing operations before income taxes, equity in income (loss), and minority interest	2,056	(19,470)	(11,974)	(2,300)	10,567
Income tax (benefit) provision	(846)	(9,688)	(2,676)	(1,270)	5,527
Income (loss) from continuing operations before equity in income (loss) and minority interest	2,902	(9,782)	(9,298)	(1,030)	5,040
Equity in income (loss) of equity investments	1,000	(725)	286	180	1,456
Minority interest	66				
Income (loss) from continuing operations	3,968	(10,507)	(9,012)	(850)	6,496
Income from discontinued operations	1,920	3,091	1,214	1,872	
Net income (loss)	5,888	(7,416)	(7,798)	1,022	6,496
Other comprehensive income (loss), net of tax provision (benefit) of $(816), $(3,019) and $2,752, respectively	3,939	(9,811)	9,238		
Comprehensive income (loss) (2006 restated)	$ 9,827	$ (17,227)	$ 1,440		

Basic earnings per share:					
Income (loss) from continuing operations	$ 0.10	$ (0.27)	$ (0.23)	$ (0.02)	$ 0.16
Income from discontinued operations	$ 0.05	$ 0.08	$ 0.03	$ 0.05	$ 0.00
Net income (loss)	$ 0.15	$ (0.19)	$ (0.20)	$ 0.03	$ 0.16
Diluted earnings per share:					
Income (loss) from continuing operations	$ 0.10	$ (0.27)	$ (0.23)	$ (0.02)	$ 0.14
Income from discontinued operations	$ 0.05	$ 0.08	$ 0.03	$ 0.05	$ 0.00
Net income (loss)	$ 0.15	$ (0.19)	$ (0.20)	$ 0.03	$ 0.14
Weighted average shares outstanding:					
Basic	39,054	39,615	39,927	39,865	40,258
Diluted	39,456	39,615	39,927	39,865	45,807
Other Financial Data:					
Capital expenditures	$ 12,413	$ 15,996	$ 12,855	$ 7,302	$ 4,451
Net cash provided by (used in) operating activities	20,074	12,840	(5,785)	(5,114)	12,474
Net cash provided by (used in) investing activities	(46,823)	(15,496)	14,210	18,922	(4,289)
Net cash provided by (used in) financing activities	26,510	(1,180)	(8,733)	(13,530)	2,289

Table of Contents

(In thousands, except par value and number of shares)	December 31, 2006	June 30, 2007 (unaudited)
Balance Sheet Data:		
Cash and cash equivalents	$ 5,631	$ 16,628
Inventories	70,339	71,466
Total assets	322,364	327,021
Total debt (including current portion of long-term debt):		
Revolving credit facility		
5.00% Convertible Senior Notes due 2036(1)	71,911	72,205
Other debt	2,925	4,369
Total debt	74,836	76,574
Other liabilities	99,655	95,138
Total liabilities	$ 174,491	$ 171,712
Shareholders equity:		
Preferred stock, $.01 par value, 5,000,000 shares authorized, no shares issued		
Common stock, $.01 par value, 100,000,000 shares authorized, 42,550,290 and 42,671,227 shares issued, respectively(2)	425	427
Additional paid-in capital	70,851	72,699
Retained earnings	94,035	96,594
Accumulated other comprehensive income	10,305	12,983
Deferred compensation	(506)	
Treasury stock, at cost, 2,819,690 and 2,843,853 shares, respectively	(27,237)	(27,394)
Total shareholders equity	$ 147,873	$ 155,309

(1) Includes debt discount of $3,089,000 and $2,795,000 as of December 31, 2006 and June 30, 2007, respectively.

(2) Excludes (i) 1,982,000 and 1,927,550 shares issuable upon exercise of options outstanding as of December 31, 2006 and June 30, 2007, respectively (having a weighted average exercise price of $6.69 per share and $6.62 per share, respectively), under our Employee Stock Option Plan, (ii) 510,257 and 484,367 shares issuable upon exercise of options outstanding as of December 31, 2006 and June 30, 2007, respectively (having a weighted average exercise price of $7.16 per share and $7.29 per share, respectively), under our 1993 Non-Employee Directors Stock Option Plan and (iii) shares issuable upon conversion of the notes offered hereby.

Ratios of Earnings to Fixed Charges

Our consolidated ratios of earnings to fixed charges for the years ended December 31, 2002, 2003, 2004, 2005 and 2006 and for the six months ended June 30, 2007 are as follows:

	Year ended December 31,					Six months ended June 30,
	2002	**2003**	**2004**	**2005**	**2006**	**2007**
Ratios of earnings to fixed charges(1)	2.29x	1.66x	1.37x	(1.52)x	(0.30)x	3.93x

(1) For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income from continuing operations before provision for income taxes plus equity income plus deferred fixed charges less capitalized interest, and fixed charges consist of interest expensed and capitalized, amortization of debt discount and deferred expenses related to indebtedness, write-off of deferred expenses related to indebtedness and the portion of rental expenses deemed to be representative of the interest factor attributable to leases for rental property. Fixed charges exceeded earnings by $19.0 million and $12.0 million in 2005 and 2006, respectively.

Table of Contents

Risk factors

The following information describes certain significant risks and uncertainties inherent in our business. Some of these risks are described below and in the documents incorporated by reference in this prospectus, and you should take these risks into account in evaluating us or any investment decision involving us or in deciding whether to purchase notes. This section does not describe all risks applicable to us, our industry or our business. You should carefully consider such risks and uncertainties, together with the other information contained herein and in the documents incorporated herein by reference, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2007. If any of such risks and uncertainties actually occurs, our business, financial condition or operating results could be harmed substantially and could differ materially from the plans, projections and other forward-looking statements included elsewhere herein and in the section titled Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2007.

Risks relating to our business

Our pension plans are currently underfunded, and we expect to be subject to significant increases in pension contributions to our defined benefit pension plans, thereby restricting our cash flow.

We sponsor various pension plans in the United States and Europe that are underfunded and require significant cash payments. We contributed $2.4 million and $9.2 million to our U.S. pension plans and $2.1 million and $2.2 million to our European pension plans in 2005 and 2006, respectively. We currently expect to be required to contribute approximately $3.2 million to our U.S. pension plans and approximately $2.3 million to our European pension plans in 2007. If our cash flow from operations is insufficient to fund our worldwide pension liability, we may be forced to reduce or delay capital expenditures, seek additional capital or restructure or refinance our indebtedness

The funding status of our pension plans is determined using many assumptions, such as inflation, investment rates, mortality, turnover and discount rates, any of which could prove to be different than projected. If the performance of the assets in our pension plans does not meet our expectations, or if other actuarial assumptions are modified, we may be required to contribute more to our pension plans than we currently expect. For example, an approximate 25-basis point decline in the current liability interest rate, which is used under the Employee Retirement Income Security Act of 1974, or ERISA, for funding purposes, would increase our minimum required contribution to our U.S. pension plans by approximately $0.9 million over the next three years.

Our pension plans in the aggregate are underfunded by approximately $35 million as of December 31, 2006 (based on the actuarial assumptions used for FAS 87 purposes and comparing our projected benefit obligation to the fair value of plan assets) and require a certain level of mandatory contributions as prescribed by law. Our U.S. pension plans, which are underfunded by approximately $18 million as of December 31, 2006, are subject to ERISA. In the event our U.S. pension plans are terminated for any reason while the plans are less than fully funded, we will incur a liability to the Pension Benefit Guaranty Corporation that may be equal to the entire amount of the underfunding at the time of the termination. In addition, changes in required pension funding rules that were affected by the enactment of the Pension Protection Act of 2006 will significantly increase our funding requirements beginning in 2008, which will have an adverse effect on our cash flow and could require us to reduce or delay our capital expenditures, seek additional capital or restructure or refinance our indebtedness. See Note 14 to our consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

Our financial results could be adversely affected by an interruption of supply or an increase in coal prices.

We use bituminous coal as the main raw material in our granular activated carbon production process. We estimate that coal will represent approximately 37% of our carbon product costs in 2007. We have various annual and multi-year contracts in place for the supply of coal that expire at various intervals from 2007 to 2011. Interruptions in coal supply caused by mine accidents, labor disputes, transportation delays, or other events for other than a temporary period could have an adverse effect on our being able to meet our customer demand. In addition, increases in the prices we pay for coal under our supply contracts could adversely affect our financial results by significantly increasing production costs. During 2006, our aggregate costs for coal increased by $2.1 million, or 15.6%, compared to 2005. Based upon the estimated usage of coal in 2007, a hypothetical 10% increase in the price of coal would result in $1.1 million of additional pre-tax expenses to us. Historically, we have generally not been able to pass through raw materials price increases to our customers, and we may in the future continue to be generally unable to do so.

Our financial results could be adversely affected by shortages in energy supply or increases in energy costs.

The prices for and availability of energy resources could be volatile as they are affected by political and economic conditions that are outside our control. We utilize natural gas as a key component in our activated carbon manufacturing process and have annual and multi-year contracts for the supply of natural gas at each of our major facilities. If shortages of or restrictions on the delivery of natural gas occur, production at our activated carbon facilities would be reduced, which could result in missed deliveries or lost sales. We also have exposure to fluctuations in energy costs as they relate to the transportation and distribution of our products. For example, natural gas prices have increased significantly in recent years. We may not be able to pass through natural gas and other fuel price increases to our customers.

Increases in U.S. and European imports of Chinese manufactured activated carbon could have an adverse effect on our financial results.

We historically have faced pressure and competition in our U.S. and European markets from brokers of low cost imported activated carbon products, primarily from China. We believe that we offer the market technically superior products and related customer support. However, Chinese products have become accepted as viable alternatives to our products because they frequently have been sold at less than fair value in the market. As a result, we have had to deal with significant price compression, which has contributed to a reduction in both our sales and profitability in recent years.

To combat the low-cost Chinese products, in March 2006, the Company participated in filing a petition with the U.S. Department of Commerce (the DOC) requesting the imposition of antidumping duties on all steam activated carbon imports from China. That petition was provisionally approved and duties were imposed beginning in October 2006.

In March 2007, the DOC s decision was supported by the International Trade Commission (the ITC), which determined that these unfairly priced steam activated carbon imports from China caused material injury to the U.S. activated carbon industry. This affirmative decision by the ITC triggered the imposition of significant antidumping duties in the form of cash deposits, ranging from 62% to 228%. The antidumping duties will be imposed for at least five years but are subject to periodic review and could be modified within that time frame. The significant antidumping duties imposed by the DOC and the affirmative decision by the ITC will have an adverse impact on the cost of Chinese manufactured activated carbon imported into the United States. However, the antidumping duties could be reduced or eliminated in the future, which could adversely affect demand or pricing for our product.

Our inability to successfully negotiate new collective bargaining agreements upon expiration of the existing agreements could have an adverse effect on our financial results.

We have collective bargaining agreements in place at four of our production facilities covering approximately 33% of our full-time workforce as of December 31, 2006. Those collective bargaining agreements expire from 2008 to 2010. Any work stoppages as a result of disagreements with any of the labor unions or our failure to renegotiate any of the contracts as they expire could disrupt production and significantly increase product costs as a result of less efficient operations caused by the resulting need to rely on temporary labor.

We have operations in multiple foreign countries and, as a result, are subject to foreign exchange translation risk, which could have an adverse effect on our financial results.

We conduct significant business operations in several foreign countries. Of our 2006 net sales, approximately 44% were sales to countries other than the United States, and 2006 net sales denominated in non-U.S. dollars represented approximately 32% of our overall net sales. We conduct business in the local currencies of each of our foreign subsidiaries or affiliates. Those local currencies are then translated into U.S. dollars at the applicable exchange rates for inclusion in our consolidated financial statements. The exchange rates between some of these currencies and the U.S. dollar in recent years have fluctuated significantly and may continue to do so in the future. Changes in exchange rates, particularly the strengthening of the U.S. dollar, could significantly reduce our sales and profitability from foreign subsidiaries or affiliates from one period to the next as local currency amounts are translated into fewer U.S. dollars.

Our European and Japanese activated carbon businesses are sourced from both the United States and China, which subjects these businesses to foreign exchange transaction risk.

Our only production facilities for virgin granular activated carbon are in the United States and China. Those production facilities are used to supply all of our global demand for virgin granular activated carbon. All of our foreign operations purchase from the U.S. operations in U.S. dollars, yet sell in local currency, resulting in foreign exchange transaction risk. We generally execute foreign currency derivative contracts of not more than one year in duration to cover a portion of our known or projected foreign currency exposure. However, those contracts do not protect us from longer-term trends of a strengthening U.S. dollar, which could significantly increase our cost of activated carbon delivered to our European and Japanese markets, and we may not be able to offset these costs by increasing our prices.

Table of Contents

Our business includes capital equipment sales which could have extreme fluctuations due to the cyclical nature of that type of business.

Our Equipment segment represented approximately 12% of our net sales for 2006. This business generally has a long project life cycle from bid solicitation to project completion and often requires customers to make large capital commitments well in advance of project execution. In addition, this business is usually affected by the general health of the overall economy. As a result, sales and earnings from the Equipment segment could be volatile.

We could find it difficult to fund the capital needed to complete our growth strategy due to borrowing restrictions under our current credit facility.

We are extended credit under our current credit facility, subject to compliance with certain financial covenants. For example, our current credit facility contains various affirmative and negative covenants, including limitations on us with respect to our ability to pay dividends, make loans, incur indebtedness, grant liens on our property, engage in certain mergers and acquisitions, dispose of assets and engage in certain transactions with our affiliates. Borrowing availability under our current credit facility is based on the value, from time to time, of certain of our accounts receivable, inventory and equipment. As a result, these restrictions may prevent us from being able to borrow sufficient funds under our current credit facility to meet our future capital needs, and alternate financing on terms acceptable to us may not be available.

We had to amend our prior revolving credit facility several times in order to cure violations or remain compliant as financial results have declined. Through June 30, 2006, we were in default of our prior revolving credit facility as a result of a violation of a financial covenant and were required to reclassify the borrowings outstanding under our prior revolving credit facility as short-term debt. During the period of default, the lenders had the right to accelerate the debt. In addition, under our current credit facility, we obtained covenant default waivers to extend the dates upon which audited financial statements for our fiscal year ended December 31, 2006 and our financial plan information had to be provided to our lenders due to delays in filing our Annual Report on Form 10-K. We may have similar issues in the future with respect to our current revolving credit facility. If our liquidity remains constrained for more than a temporary period, we may need to either delay certain strategic growth projects or access higher cost capital markets in order to fund our projects, which may adversely affect our financial results.

Our required capital expenditures may exceed our estimates.

Our capital expenditures were $12.9 million in 2006, primarily including improvements to our manufacturing facilities, repair of our Pearl River manufacturing facility as a result of damage sustained from Hurricane Katrina and equipment to be utilized in our service business. Of the amount spent on capital expenditures in 2006, $2.3 million was funded by insurance proceeds obtained from a settlement with our insurance carrier related to damage sustained from Hurricane Katrina. Future capital expenditures may be significantly higher and may vary substantially if we are required to undertake certain actions to comply with new regulatory requirements or compete with new technologies. We may not have the capital to undertake these capital investments. If we are unable to do so, we may not be able to effectively compete.

Table of Contents

Our financial results could be adversely affected by the continued idling of one of our reactivation facilities.

In January 2006, we announced the temporary idling of our reactivation facility in Blue Lake, California. It currently is our intention to resume operation of the plant in the future as market conditions warrant it. If we should determine not to restart the plant, operating results would be adversely affected by the resulting impairment charges of approximately $1.3 million.

Declines in the operating performance of one of our business segments could result in an impairment of the segment s goodwill.

As of June 30, 2007, we had consolidated goodwill of approximately $27.8 million recorded in our business segments, primarily from our Activated Carbon and Service and Equipment segments. We test our goodwill on an annual basis, or when an indication of possible impairment exists, in order to determine whether the carrying value of our assets is still supported by the fair value of the underlying business. To the extent that it is not, we are required to record an impairment charge to reduce the asset down to fair value. For the year ended December 31, 2006, we recorded a $6.9 million impairment charge associated with our acquisition of our UV equipment reporting unit, principally as a result of the fourth quarter decision by the Federal Court of Canada, which found that our patent for the use of ultraviolet light to prevent infection from Cryptosporidium in drinking water is invalid. As a result, our estimate of future royalty income used in determining the fair value of the reporting unit declined substantially from the prior year. A decline in the operating performance of any of our business segments or the sale of a business at an amount less than book value could result in a goodwill impairment charge which could have a material effect on our financial results.

Delays in enactment of new state or federal regulations could restrict our ability to reach our strategic growth targets and lower our return on invested capital.

Our strategic growth initiatives are reliant upon more restrictive environmental regulations being enacted for the purpose of making water and air cleaner and safer. If stricter regulations are delayed or are not enacted or enacted but subsequently repealed or amended to be less strict, or enacted with prolonged phase-in periods, our sales growth targets could be adversely affected and our return on investor capital could be reduced.

For example, stricter regulations surrounding the treatment of Cryptosporidium and other disease causing microorganisms in drinking water, as addressed by the EPA s promulgation of the Long Term 2 Enhanced Surface Water Treatment Rule (LT2), were expected to be effective as of the fourth quarter of 2004. LT2 was not ultimately published in the Federal Register until January 2006, thus delaying municipalities requirements for testing and any subsequent need to fund a plan for remediation by over a year. The effect has been a delay in the timing of the expected growth for our UV equipment business.

Our industry is highly competitive. If we are unable to compete effectively with competitors having greater resources that we do, our financial results could be adversely affected.

Our activated carbon business faces significant competition from Norit N.V., MeadWestvaco Corporation and Siemens Water, together with Chinese producers. Our UV technology products face significant competition from Trojan Technologies, Inc., which is owned by Danaher Corporation, and Wedeco Ideal Horizons, which is owned by ITT Industries. In each case, our competitors include major manufacturers and diversified companies, a number of which have revenues and capital resources exceeding ours, which they may use to develop more advanced or more cost-effective technologies, increase market share or leverage their distribution networks. We may experience reduced net sales as a result of having fewer resources than these competitors.

Encroachment into our markets by competitive technologies could adversely affect our financial results.

Activated carbon is utilized in various applications as a cost effective solution for solving customer problems. If other competitive technologies, such as membranes, ozone and UV, are advanced to the stage in which such technologies could effectively compete with activated carbon technologies, we could experience a decline in net sales, which could adversely affect our financial results.

Failure to innovate new products or applications could adversely affect our ability to meet our strategic growth targets.

Part of our strategic growth and profitability plans involve the development of new products or new applications for our current products in order to replace more mature products or markets that have seen increased competition. If we are unable to develop new products or applications, our financial results could be adversely affected.

A planned or unplanned shutdown at one of our production facilities could have an adverse effect on our financial results.

We operate multiple facilities, and source product from strategic partners who operate facilities, which are close to water or in areas susceptible to earthquakes. An unplanned shutdown at any of our or our strategic partners facilities for more than a temporary period as a result of a hurricane, typhoon, earthquake or other natural disaster, or as a result of fire, explosions, war, terrorist activities, political conflict or other hostilities, could significantly affect our ability to meet our demand requirements, thereby resulting in lost sales and profitability in the short-term or eventual loss of customers in the long-term. In addition, a prolonged planned shutdown of any of our production facilities due to a change in business conditions could result in impairment charges that could have an adverse impact on our financial results.

A recent example of an unplanned shutdown of one of our production facilities is the shutdown of our Pearl River facility in Pearlington, Mississippi due to damage caused by Hurricane Katrina in August 2005. The plant did not become operational again until November 2005 and was not operating again at full capacity until January 2006. Certain customer shipments were either delayed or cancelled during the plant outage, the consequences of which adversely affected us during 2006. We estimated our pre-tax business interruption losses during 2005 and 2006 to be approximately $4.4 million in the aggregate due to the effect of the unplanned shutdown of the Pearl River facility.

Table of Contents

We hold a variety of patents that give us a competitive advantage in certain markets. An inability to defend those patents from competitive attack could have an adverse effect on both current results and future growth targets.

From time to time in the course of our business, we have to address competitive challenges to our patented technology. We are currently in litigation in multiple jurisdictions to defend our process patent for the use of ultraviolet light in the prevention of infection from Cryptosporidium and Giardia in drinking water. In June 2006, the U.S. District Court for the District of New Jersey granted the plaintiff Wedeco Ideal Horizons, Inc. s motion for summary judgment, holding that our patent was invalid. We appealed this ruling. On April 24, 2007, the U.S. Court of Appeals for the Federal Circuit affirmed the District Court s judgment that was appealed. We are currently evaluating our options. In another case, we filed suit in Canada, alleging that the defendants are practicing the method claimed in our patent without a license. In November 2006, the Federal Court of Canada entered a judgment after trial, finding that our process patent for the use of ultraviolet light to prevent infection from Cryptosporidium and Giardia in drinking water is invalid. In March 2007, we and Trojan Technologies, the defendant, entered into a settlement whereby, in exchange for a nominal cash payment and relief of legal fees, we granted Trojan Technologies worldwide immunity from all current and future legal action related to our UV patents.

Finally, certain competitors have opposed our process patent for the use of ultraviolet light in the prevention of infection from Cryptosporidium and Giardia in drinking water in Germany.

Further descriptions of these cases can be found under the heading Legal Proceedings in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, which is incorporated by reference in this prospectus. An unfavorable outcome in any of these cases could impair our ability to capitalize on substantial future revenues from the licensing of that technology.

We have incurred significant legal fees and expenses in litigating these matters. For example, legal expenses related to these patent litigation matters totaled approximately $4.7 million in 2006 and $0.3 million during the six months ended June 30, 2007. We may be required to incur additional significant legal expenses to defend our intellectual property in the future.

Furthermore, these legal disputes over our UV patents may adversely affect our business and growth prospects because they may suppress overall demand for UV equipment as municipalities may decide to wait for the completion of the litigation to resolve the resulting uncertainties before making investment decisions.

Our products may infringe the intellectual property rights of others, which may cause us to pay unexpected litigation costs or damages or prevent us from selling our products.

Although it is our intention to avoid infringing or otherwise violating the intellectual property rights of others, our products may infringe or otherwise violate the intellectual property rights of others. We may be subject to legal proceedings and claims, including claims of alleged infringement by us of the patents and other intellectual property rights of third parties. Intellectual property litigation is expensive and time-consuming, regardless of the merits of any claim.

If we were to discover or be notified that our products potentially infringe or otherwise violate the intellectual property rights of others, we may need to obtain licenses from these parties or substantially re-engineer our products in order to avoid infringement. We might not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to re-engineer our

products successfully. Moreover, if we are sued for infringement and lose the suit, we could be required to pay substantial damages and/or be enjoined from using or selling the infringing products. Any of the foregoing could cause us to incur significant costs and prevent us from selling our products.

Environmental compliance and remediation could result in substantially increased capital requirements and operating costs.

Our production facilities are subject to environmental laws and regulations in the jurisdictions in which they operate or maintain properties. Costs may be incurred in complying with such laws and regulations. Each of our domestic production facilities require permits and licenses issued by local, state and federal regulators which regulate air emissions and water discharges. These permits are subject to renewal and, in some circumstances, revocation. International environmental requirements vary and could have substantially lesser requirements that may give competitors a competitive advantage. Additional costs may be incurred if environmental remediation measures are required. In addition, the discovery of contamination at any of our current or former sites or at locations at which we disposed of waste may expose us to cleanup obligations and other damages. For example, we and the Pennsylvania Department of Environmental Protection (PADEP) recently agreed to settlement terms with respect to a demand by the PADEP for response costs relating to a site in Allegheny County, Pennsylvania, requiring us to pay an aggregate of $515,000. We paid the settlement in 2007. We received Notices of Violation (each an NOV) from the U.S. Environmental Protection Agency in January 2007 and the Kentucky Department of Environmental Protection in July 2007. If the result of the NOV s are is unfavorable for us, they could have a significant impact on our financial results. If we receive similar demands in the future, we may incur significant costs in connection with the resolution of those matters.

Our international operations expose us to political and economic uncertainties and risks from abroad, which could negatively affect our results of operations.

We have manufacturing facilities and sales offices in Europe, China, Japan and the United Kingdom which are subject to economic conditions and political factors within the respective countries which, if changed in a manner adverse to us, could negatively affect our results of operations and cash flow. Political factors include, but are not limited to, taxation, nationalization, inflation, currency fluctuations, increased regulation and quotas, tariffs and other protectionist measures. Approximately 85% of our sales in 2006 were generated by products sold in the United States, Canada and Western Europe, while the remaining sales were generated in other areas of the world, such as Asia, Eastern Europe and Latin America.

We face risks in connection with our compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and any related remedial measures that we may undertake.

During 2005 and 2006, we identified and subsequently remediated two material weaknesses in our internal controls. If we are unable to effectively remediate any other material weaknesses or significant deficiencies in internal control over financial reporting that are identified in the future and to assert that disclosure controls and procedures, including internal control over financial reporting, are effective in any future period, we could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price and potentially subject us to litigation. In addition, we may be required to incur additional costs including but not limited to the hiring of additional personnel to improve our existing internal control system.

We have significant domestic and foreign net operating tax loss and credit carryforwards which, if they are not utilized, would have an adverse effect on our financial results.

As of December 31, 2006, we had $22.9 million of deferred tax assets associated with net operating loss carryforwards (NOLs) and tax credit carryforwards that were generated from both our domestic and foreign operations. We have a valuation allowance of $5.7 million for these deferred tax assets when it is deemed more likely than not that a portion of these deferred tax assets will not be realized. If we do not meet our projections of profitability in the future, we may not be able to realize these NOLs or tax credits, and we may be required to record an additional valuation allowance, which would adversely affect our financial results. In addition, if some or all of these NOLs or tax credits expire, they will not be available to offset our tax liability.

Our ability to utilize our NOLs and certain other tax attributes may be limited.

As of December 31, 2006, we had NOLs of approximately $20.0 million for federal income tax purposes and approximately $75.7 million for state income tax purposes. Under Section 382 of the Internal Revenue Code, if a corporation undergoes an ownership change, the corporation s ability to use its pre-change NOLs and other pre-change tax attributes to offset its post-change income may be limited. An ownership change is generally defined as a greater than 50% change in its equity ownership by value over a three-year period. We may experience an ownership change in the future as a result of subsequent shifts in our stock ownership. If we were to trigger an ownership change in the future, our ability to use any NOLs existing at that time could be limited.

Risks related to the notes and our common stock

Although the notes are referred to as senior notes, the notes are effectively junior to the rights of our and our subsidiary guarantors existing and future secured creditors and effectively subordinated to the existing and future indebtedness and other liabilities of our non-guarantor subsidiaries.

The notes are our general, unsecured senior obligations and rank equally in right of payment with all of our existing and future unsecured senior indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness. The notes are effectively junior to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. In addition, the notes are effectively subordinated to all existing and future liabilities of our non-guarantor subsidiaries. These liabilities may include indebtedness, trade payables, guarantees, lease obligations and letter of credit obligations.

The notes are guaranteed on a senior unsecured basis by certain of our domestic subsidiaries, which we refer to as the subsidiary guarantors. The subsidiary guarantees are general unsecured senior obligations of the subsidiary guarantors and rank equally in right of payment with any existing and future senior indebtedness of the subsidiary guarantors. Our non-guarantor subsidiaries have no obligation to pay any amounts due on the notes and have no obligation to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. Our right to receive any assets of any of our non-guarantor subsidiaries upon

Table of Contents

their liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, is subordinated to the claims of that subsidiary s creditors, including trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

Holders of our existing indebtedness have, and future secured indebtedness will have, claims that are senior to your claims as holders of the notes, to the extent of the value of the assets securing such indebtedness. The notes are effectively junior to existing secured financings and any future secured indebtedness incurred by us. As a result, in the event of any distribution or payment of our assets in any bankruptcy, liquidation or dissolution, holders of secured indebtedness will have prior claim to those assets that constitute their collateral. Holders of the notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the notes, and potentially with all of our general creditors, based on the respective amounts owed to each holder or creditor, in our remaining assets. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the notes. As of June 30, 2007, we and the subsidiary guarantors had outstanding approximately $3 million of indebtedness secured by assets and ranking senior to the notes to the extent of the value of the assets securing the indebtedness, and our non-guarantor subsidiaries had approximately $28 million in liabilities.

Federal or state laws allow courts, under specific circumstances, to void debts, including subsidiary guarantees, and could require holders of notes to return payments received from us and the subsidiary guarantors.

Under federal bankruptcy law and comparable provisions of state fraudulent transfer laws, if a subsidiary guarantor becomes a debtor in a case under the U.S. Bankruptcy Code or suffers other financial difficulty, a court might avoid (that is, cancel) its guarantee. A court might do so if it found that

- the subsidiary received less than reasonably equivalent value or fair consideration for the incurrence of such debt or subsidiary guarantee; and
- when the subsidiary entered into its guarantee (or, in some jurisdictions, when it became obligated to make payments under its guarantee), it either:
  - was or was rendered insolvent;
  - was left with inadequate capital to conduct its business; or
  - believed or should have believed that it would incur debts beyond its ability to pay such debts as they mature.

A court might also avoid a subsidiary s guarantee, without regard to these factors, if it found that the subsidiary entered into its guarantee with actual intent to hinder, delay or defraud its creditors.

Table of Contents

The measure of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a court would consider an entity insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair salable value of all of its assets;
- the present fair salable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

We cannot be sure as to the standards that a court would use to determine whether or not the subsidiary guarantors were solvent at the relevant time, or, regardless of the standard that the court uses, that the issuance of the subsidiary guarantees would not be voided or subordinated to the subsidiary guarantors other debt.

If the subsidiary guarantees were legally challenged, they could also be subject to the claim that, since they were incurred for our benefit, and only indirectly for the benefit of the subsidiary guarantors, the obligations of the subsidiary guarantors were incurred for less than fair consideration.

A court could thus void the obligations under the subsidiary guarantees or subordinate the subsidiary guarantees to the subsidiary guarantors other debt or take other action detrimental to holders of the notes.

We may not have sufficient funds necessary to settle conversion of the notes or to purchase the notes upon a fundamental change or other purchase date, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the notes.

Upon conversion of the notes, we will be required to pay a settlement amount in cash and shares of our common stock, if any, based upon a 25 trading-day observation period. In addition, on August 15, 2011, August 15, 2016 and August 15, 2026, holders of the notes may require us to purchase their notes for cash. Holders may also require us to purchase their notes upon a fundamental change, as described under Description of notes Fundamental change permits holders to require us to purchase notes. A fundamental change may also constitute an event of default, and result in the effective acceleration of the maturity of our then-existing indebtedness under our existing revolving credit facility or other indebtedness we have may in the future, including under our new revolving credit facility.

Further, we cannot assure you that we would have sufficient financial resources, or would be able to arrange financing, to pay the settlement amount in cash, or the purchase price or fundamental change purchase price for the notes tendered by the holders in cash. Our ability to pay the settlement amount in cash, or the purchase price or fundamental change purchase price for the notes in cash, will be subject to limitations we may have in our credit facilities, or any other indebtedness we may have in the future. If you convert your notes or require us to purchase them, we may seek the consent of our lenders or attempt to refinance our debt, but there can be no assurance that we will be able to do so.

At June 30, 2007, the conversion option described under Description of notes Conversion rights Conversion upon satisfaction of sale price condition was triggered based on the trading price of our common stock during the last 30 trading days of the quarter ended June 30, 2007. As such, holders of notes have the right to convert their notes during the quarter ending September 30, 2007. On May 29, 2007, we amended our credit agreement to include a provision whereby we may pay up to an aggregate of $10 million in cash to (i) repurchase, redeem, retire or otherwise acquire shares of our common stock or (ii) settle the conversion of notes under certain circumstances without such payments constituting an event of default under the credit agreement. As of the date of this prospectus, no such payments have been made. As a result, a portion of the aggregate principal amount of outstanding notes above this $10 million amount was classified as current debt.

Failure by us to pay the settlement amount upon conversion or purchase the notes when required will result in an event of default with respect to the notes, which may also result in a default under existing and future agreements governing our indebtedness. If the repayment of such indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay such indebtedness and the notes.

The conditional conversion feature of the notes until June 15, 2011 could result in your receiving less than the value of our common stock into which a note would otherwise be convertible and may impact the trading price of the notes and make them more difficult to resell.

Prior to June 15, 2011, the notes are convertible into cash and shares of our common stock, if applicable, only if specified conditions are met. If the specific conditions for conversion are not met, you will not be able to convert your notes, and you may not be able to receive the value of the cash and common stock into which the notes would otherwise be convertible. In addition, an inability to convert may adversely affect the trading price of the notes and/or the resaleability of the notes.

The value of consideration received by holders upon conversion of the notes may be less than the conversion value of the notes on the conversion date.

Upon conversion, we will pay cash and deliver shares of our common stock, if any, based on a daily conversion value calculated on a proportionate basis for each day of the 25 trading day observation period. Accordingly, upon conversion of a note, you may receive less proceeds than you expected because the value of our common stock may decline between the conversion date and the day the settlement amount of your notes is determined. In addition, because of the 25 trading day observation period, settlement will generally be delayed until at least the 30th trading day following the related conversion date. See Description of notes Conversion rights Settlement upon conversion.

Under certain circumstances, upon conversion you will not receive the settlement amount until after maturity.

If you convert after the 30th trading day immediately preceding the maturity date, you will not receive the settlement amount until after the maturity date. In addition, if you convert on or prior to the 30th trading day immediately preceding the maturity date, you may not receive the settlement amount until after the maturity date, depending on whether a market disruption event occurs on one or more trading days during the 25 trading day observation period.

Table of Contents

The notes do not restrict our ability to take certain actions that could adversely affect the trading price of the notes.

Neither we nor our subsidiaries are restricted under the notes from incurring additional debt (including secured debt), incurring liens, paying dividends, issuing or repurchasing securities or entering into transactions with our affiliates. In addition, the indenture governing the notes does not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our ability to recapitalize, incur additional debt and take other actions that are not limited by the notes could have the effect of diminishing our ability to make payments on the notes when due.

We may issue additional shares of our common stock or other equity and thereby adversely affect the market price of our common stock and the trading price of the notes.

Except as described under Plan of Distribution, we are not restricted from issuing additional shares of our common stock, or securities convertible into or exchangeable for our common stock, during the life of the notes and have no obligation to consider your interests for any reason. If we issue additional shares of our common stock or such convertible or exchangeable securities, it may adversely affect the market price of our common stock and, in turn, the trading price of the notes. In addition, it may impair our ability to raise capital through the sale of additional equity securities.

The trading price of the notes could be adversely affected by the market price of our common stock, which has historically experienced significant volatility.

Because the notes are convertible based on our common stock, we expect that in general the trading price of the notes will be significantly affected by the market price of our common stock. The market price of our common stock has historically experienced significant fluctuations. The market price of our common stock is likely to continue to be volatile and subject to significant price and volume fluctuations in response to market and other factors, including the other risk factors discussed elsewhere in Risk factors and Forward-looking statements. Volatility or depressed market prices of our common stock could result in volatility or depressed trading prices of the notes, could limit the amount of cash and shares of our common stock, if any, deliverable upon conversion of the notes, and could make it difficult for you to resell the notes (or shares of common stock, if any, issued upon conversion) when you want or at attractive prices.

The adjustments to the conversion rate do not cover all dilutive events that may adversely affect the trading price of the notes.

The conversion rate is subject to adjustment for certain events, including, but not limited to, the issuance of stock dividends on our common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness, or assets, cash dividends and certain issuer tender or exchange offers as described under Description of notes Conversion rights Conversion rate adjustments. However, the conversion rate will not be adjusted for certain other events, such as an issuance of common stock for cash or in connection with acquisition, that may adversely affect the market price of our common stock. If any of these other events adversely affects the market price of our common stock, it may also adversely affect the trading price of the notes.

Table of Contents

Because your right to require purchase of the notes upon a fundamental change is limited, the trading price of the notes may decline if we enter into a transaction that does not constitute a fundamental change under the indenture.

Upon the occurrence of a fundamental change (as defined under Description of notes Fundamental change permits holders to require us to purchase notes), you have the right to require us to purchase your notes. However, the fundamental change provisions will not afford protection to holders of notes in the event of certain transactions. For example, transactions such as leveraged recapitalizations, refinancings, restructurings, or acquisitions initiated by us may not constitute a fundamental change requiring us to purchase the notes. In the event of any such transaction, the holders would not have the right to require us to purchase the notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the trading price of the notes.

The adjustment to the conversion rate for notes converted in connection with a specified corporate transaction may not adequately compensate you.

If a specified corporate transaction that constitutes certain fundamental changes occurs prior to August 15, 2011 with respect to notes converted in connection with such transaction, we will increase the conversion rate by a number of additional shares of our common stock unless the price paid per share of our common stock in such transaction is less than $4.25 per share (subject to adjustment) or above $17.25 (subject to adjustment). A description of how the increase in the conversion rate will be determined is set forth under Description of notes Conversion Rights Adjustments to shares delivered upon conversion upon certain fundamental changes.

Although the increase in the conversion rate is designed to compensate you for the lost value of your notes as a result of such transaction, it may not adequately compensate you for such loss. Furthermore, our obligation to increase the conversion rate in connection with any such specified corporate transaction could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

There is currently no public market for the notes, and an active trading market may not develop for the notes. The failure of a market to develop for the notes could adversely affect the liquidity and value of your notes.

We originally sold the notes to a limited number of investors in a private offering in reliance on an exemption from registration under U.S. federal and applicable state securities laws, and we are now registering the notes, the related guarantees and the common stock issuable upon conversion of the notes for resale by the selling securityholders. There is no public market for the notes. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system. Although the notes originally issued in the private offering are eligible for trading in The PORTAL^{sm} Market, the notes sold pursuant to this prospectus will no longer be eligible for trading in The PORTAL^{sm} Market. Despite our registering the notes for resale under the Securities Act, a market may not develop for the notes, and there can be no assurance as to the liquidity of any market that may develop for the notes once the securityholders are able to freely resell the notes. If an active, liquid market does not develop for the notes, the market price and liquidity of the notes may be adversely affected. If any of the notes are traded, they may trade at a discount from their initial offering price.

Table of Contents

The liquidity of the trading market, if any, and future trading prices of the notes will depend on many factors, including, among other things, the market price of our common stock, prevailing interest rates, our operating results, financial performance and prospects, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in these factors. Historically, the market for convertible debt securities has been subject to disruptions that have caused volatility in prices. It is possible that the market for the notes will be subject to disruptions which may have a negative effect on the holders of the notes, regardless of our operating results, financial performance or prospects.

If we pay a cash dividend on our common stock, you may be deemed to have received a taxable dividend without the receipt of any cash.

If we pay a cash dividend on our common stock, an adjustment to the conversion rate may result, and you may be deemed to have received a taxable dividend subject to United States federal income tax without the receipt of any cash. If you are a non-U.S. holder (as defined in Material U.S. federal income and estate tax consequences), such deemed dividend may be subject to U.S. federal withholding tax at a 30% rate or such lower rate as may be specified by an applicable treaty. See Material U.S. federal income and estate tax consequences.

If you hold notes, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.

If you hold notes, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you will be subject to all changes affecting our common stock. You will only have rights with respect to our common stock if and when we deliver shares of our common stock to you upon conversion of your notes, and, to a limited extent, under the conversion rate adjustments applicable to the notes. For example, in the event that an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to delivery of common stock to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers or rights of our common stock.

The fundamental change provisions may delay or prevent an otherwise beneficial takeover attempt of our company.

The fundamental change provisions, including the fundamental change purchase right and the provisions requiring an increase in the conversion rate for conversions in connection with certain fundamental changes, may in certain circumstances delay or prevent a takeover of our company and the removal of incumbent management that might otherwise be beneficial to investors.

Table of Contents

Our stockholder rights plan and our certificate of incorporation and bylaws and Delaware law contain provisions that may delay or prevent an otherwise beneficial takeover attempt of our company.

Our stockholder rights plan and certain provisions of our certificate of incorporation and bylaws and Delaware law could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. These include provisions:

- providing for a board of directors with staggered, three-year terms;
- requiring super-majority voting to affect certain amendments to our certificate of incorporation and bylaws;
- limiting the persons who may call special stockholders meetings;
- limiting stockholder action by written consent;
- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholders meetings; and
- allowing our board of directors to issue shares of preferred stock without stockholder approval.

These provisions, along or in combination with each other, may discourage transactions involving actual or potential changes of control, including transactions that otherwise could involve payment of a premium over prevailing market prices to holders of our common stock, or could limit the ability of our stockholders to approve transactions that they may deem to be in their best interests.

An adverse rating of the notes may adversely affect the trading price of the notes.

We do not intend to seek a rating on the notes. However, if the notes are rated in the future and one or more rating agencies assigns the notes a rating lower than the rating expected by investors, or reduces their rating in the future, the trading price of the notes and our common stock could be adversely affected.

Table of Contents

Forward-looking statements

This prospectus includes or incorporates by reference certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These statements include statements regarding our plans, goals or current expectations with respect to, among other things:

- our future operating performance;
- operating cash flows and availability of capital;
- the completion of future acquisitions;
- capital expenditures;
- business trends in our industry, including customer demand, interest rates and changes in industry-wide inventory levels; and
- availability of financing for inventory and working capital.

Any such forward-looking statements are not assurances of future performance and involve risks and uncertainties. Actual results may differ materially from anticipated results in the forward-looking statements for a number of reasons, including:

- the future worldwide economic environment, including interest rates and the prices of natural gas and coal, may affect the demand for our product and services;
- adverse international developments such as war, terrorism, political conflicts or other hostilities may adversely affect the demand for our products and services;
- the future regulatory environment, unexpected litigation or adverse legislation, including changes in worldwide environmental and drinking water regulations, may impose additional costs on us or otherwise adversely affect us;
- our operations may not perform at expected levels or achieve expected improvements;
- we may fail to achieve expected future cost savings, or future costs may be higher than we expect;
- available capital resources and various debt agreements may limit our ability to complete acquisitions or complete capital expenditure projects;
- our cost of financing could increase significantly;
- new accounting standards could materially impact our reported financial results;
- we may be unable to complete acquisitions in the future;

we may not be able to adjust our cost structure to offset any reduction in the demand for our products and services;

Table of Contents

we may lose key personnel and not be able to replace them in a timely fashion, or at all;

competitors may gain market share; and

insurance costs could increase significantly and all of our losses may not be covered by insurance.

The information contained in this prospectus, including the information set forth under the heading Risk factors, identifies factors that could affect our operating results and performance. We urge you to carefully consider those factors and other factors described from time to time in our public reports, which are available as described under the heading Available Information.

All forward-looking statements attributable to us are qualified in their entirety by this cautionary statement. We undertake no responsibility to update our forward-looking statements.

Use of proceeds

We will not receive any proceeds from any sale by any selling securityholder of the notes, including the related guarantees, or the shares of common stock issuable upon conversion of the notes that are covered by this prospectus.

Description of certain indebtedness

Revolving credit facility

General

Concurrently with the issuance of the notes, we and certain of our subsidiaries entered into a new senior secured revolving credit facility with a five-year term. This revolving credit facility, the material terms of which are described below, initially was a $50 million facility and includes a separate U.K. sub-facility and a separate Belgian sub-facility. In February 2007, the total revolving credit commitment was increased to $55 million. Our prior revolving credit facility was repaid concurrently with the issuance of the notes and the closing of the new revolving credit facility.

We filed the credit agreement evidencing the new revolving credit facility and an amendment to the credit agreement with the SEC after they were executed in accordance with applicable SEC rules. You should refer to that credit agreement and that amendment for the definitive terms of the revolving credit facility. To the extent that the terms contained in that credit agreement and that amendment are inconsistent with the terms of the revolving credit facility described in this prospectus, the terms set forth in the credit agreement and the amendment as filed with the SEC will govern the revolving credit facility. You may obtain a copy of this credit agreement and this amendment by the means described under Available information.

Table of Contents