

Heritage-Crystal Clean, Inc.  
Form 424B5  
April 20, 2012

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Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-179496

Prospectus Supplement  
(To Prospectus Dated April 2, 2012)

**2,956,521 Shares**

## **Heritage-Crystal Clean, Inc.**

### **Common Stock**

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We are offering 2,956,521 shares of our common stock, par value \$0.01 per share. Our common stock is traded on the NASDAQ Global Market under the symbol "HCCI." On April 19, 2012, the closing sale price of our common stock, as reported by NASDAQ, was \$21.34 per share.

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**Investing in our common stock involves certain risks. Before purchasing our common stock, please review the information included in, and incorporated by reference into, the "Risk Factors" caption beginning on page S-9 of this prospectus supplement and page 2 of the accompanying prospectus.**

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$ 20.5000	\$ 60,608,681
Underwriting discount	\$ 1.1275	\$ 3,333,477
Proceeds, before expenses, to us	\$ 19.3725	\$ 57,275,203

The underwriters may also purchase up to 443,479 additional shares of our common stock from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover over-allotments, if any.

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

The underwriters expect to deliver the shares to purchasers on or about April 24, 2012.

**William Blair & Company**

**Baird**

**Needham & Company**

The date of this prospectus supplement is April 19, 2012

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**You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus or to which we have referred you. No dealer, salesperson or other person is authorized to give information that is different. This prospectus supplement is not an offer to sell nor is it seeking an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus supplement and the accompanying prospectus is correct only as of the date on the front of those documents, regardless of the time of the delivery of this prospectus supplement and the accompanying prospectus or of any sale of these securities.**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

We are providing information to you about this offering of our common stock in two parts. The first part is this prospectus supplement, which provides the specific details regarding this offering. The second part is the accompanying prospectus, which provides general information, including information about the shares of our common stock. Unless the context indicates otherwise, when we refer to this "prospectus," we are referring to both documents combined. Some of the information in the accompanying prospectus may not apply to this offering. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on the information contained in this prospectus supplement. Please read "Where You Can Find More Information" in the accompanying prospectus and "Incorporation of Certain Documents by Reference" in this prospectus supplement and the accompanying prospectus.

Unless the context otherwise requires, references to "we," "us," "our" or the "Company" refer to Heritage-Crystal Clean, Inc. and our subsidiary. The term "you" refers to a prospective investor.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. Before deciding to invest in shares of our common stock, you should read the entire prospectus supplement and the accompanying prospectus carefully, including the documents incorporated by reference, especially the matters discussed under "Risk Factors" beginning on page S-9 and the documents incorporated by reference herein, including the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2011. See "Incorporation of Certain Documents by Reference" below.*

We provide parts cleaning, containerized waste management, used oil collection and vacuum truck services, and own and operate a used oil re-refinery. Based on revenues, we believe that we are the second largest provider of parts cleaning and hazardous and non-hazardous waste services to small and mid-sized customers in both the manufacturing and automotive service sectors in North America; and, we have the second largest used oil re-refinery by design capacity in North America. We estimate that these services represent an approximately \$6 billion market opportunity, which includes an approximately \$2 billion opportunity in used oil re-refining. Through our 67 branch locations, we provide our services to more than 58,000 customer locations in 42 states. During fiscal 2011, we performed more than 285,000 parts cleaning service calls. We operate our business through our Environmental Services and Oil Business segments. Since our formation in 1999, we have achieved strong financial results. Total revenue has grown from \$11.0 million in fiscal 1999 to \$152.9 million in fiscal 2011, a compound annual growth rate of 22%.

Our corporate and executive offices are located at 2175 Point Boulevard, Suite 375, Elgin, Illinois 60123, and our telephone number at that address is (847) 836-5670. Our website is located at [www.crystal-clean.com](http://www.crystal-clean.com). The information contained in our website is not a part of this prospectus.

**Environmental Services Segment**

Our Environmental Services segment consists of our parts cleaning, containerized waste management and vacuum truck service activities. These services allow our customers to outsource the handling and disposal of parts cleaning solvents, other containerized waste and bulk liquids and sludges. Our customers frequently need to remove grease and dirt from machine and engine parts. Typical customers include businesses involved in vehicle maintenance operations, such as car dealerships, automotive repair shops and trucking firms, as well as small manufacturers, such as metal product fabricators and printers. Based on 2007 data from the U.S. Census Bureau, we estimate that there are more than 800,000 such firms in the United States. The materials we handle are subject to extensive and complex regulations, and mismanagement can result in citations, penalties and substantial direct costs. We allow our customers to focus more on their core business and devote fewer resources to industrial and hazardous waste management. We believe that these services are highly attractive to small and mid-sized customers, which we define as companies that generally spend less than \$50,000 per year on industrial and hazardous waste services. These small and mid-sized customers typically have limited administrative infrastructure and therefore have needs that are often highly differentiated from those of larger accounts. Such differentiated needs include waste manifest and drum label preparation and regularly-scheduled service visits to check inventories and remove accumulated waste. We believe that our company is structured to meet these particular needs.

In each of our services, we have adopted innovative approaches to minimize the regulatory burdens for our customers, and we have designed our services to provide "ease of use" to our customers. Our company has pioneered two different programs whereby our customers' used parts cleaning solvent may be excluded from the U.S. Environmental Protection Agency's, or the EPA's, definition of hazardous waste. These two programs not only simplify the management of used solvent generated by our customers, but also reduce the total volume of hazardous waste generated at many of

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our customers' locations. This can allow the customer to achieve a lower "generator status" with the EPA and thereby reduce their overall regulatory burden, including reduced reporting obligations and inspections.

**Oil Business Segment**

Our Oil Business segment consists of our used oil collection and used oil re-refining activities. We collect used oil from automotive shops and industrial plants. Historically, the used oil we collect has been resold as an industrial fuel or as feedstock for other companies that use it in a recycling process. In fiscal 2011, we completed the construction of a used oil re-refinery located in Indianapolis, Indiana, through which we recycle used oil into high quality lubricating base oil and byproducts. We supply the base oil to firms that produce and market finished lubricants. Our re-refinery has an input capacity of approximately 50 million gallons of used oil feedstock per year with an expected production of about 30 million gallons of base oil per year when operating at full capacity. Following mechanical completion of the second phase of the re-refinery at the end of 2011, the re-refinery began to produce base oil during the first quarter of 2012. The startup activities were executed without significant difficulties, and the testing of all major components supported our expectation that we could operate the facility at the design capacity of 50 million gallons per year of used oil feedstock. By the end of the first quarter, we had commenced regular operation of the re-refinery. Concurrent with the testing, we began to produce high quality Group II base oil, and during the first quarter of fiscal 2012 we sold approximately 2.5 million gallons of this product. Assuming our re-refinery is operating at design capacity of 50 million gallons per year of feedstock (a rate we plan to achieve in 2013), and based on March 2012 prices of lubricating base oil and crude oil, we estimate that the re-refinery would produce annual revenue of approximately \$130 million, and contribute annual operating income of approximately \$30 million. The revenue and profitability of the re-refinery will depend on a number of factors, some of which are beyond our control, such as oil prices and the cost of feedstock. In particular, our expected results are heavily dependent on the price of lubricating base oil; we would expect that a decline in base oil prices of \$0.10/gallon would result in a reduction of approximately \$3 million per year in both our revenue and our operating income, assuming that the re-refinery is operating at design capacity.

**Competitive Strengths**

We believe we have the following competitive strengths:

***Excellent Customer Service***

Since our founding, we have instilled a standardized, sales-oriented approach to our customers across our branch network. Our branch personnel are focused on local sales and service delivery, and a significant portion of their compensation is linked to sales growth and new business development. In order to achieve this sales growth, our personnel understand that they must retain existing business, which is best achieved by providing a very high level of customer service. Our high quality service leads to high customer satisfaction, customer retention, cross-selling opportunities, and referrals to new prospects. During fiscal 2011, approximately 87.5% of our sales were generated from customers that we also served during fiscal 2010.

***Cost-Efficient Branch Rollout Model***

Our branch model consolidates operational and administrative functions not critical to sales and service at either a regional hub or our headquarters. This model has been the foundation for our new branch rollout for over a decade, as we have expanded from 14 to 67 branches since 1999, and we expect to extend this model to new locations. Furthermore, as we grow within each branch, we improve our route density, which is an important contributor to profitability in our business.

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***Large Branch Network***

We have spent over a decade developing a large network of branches that has enabled us to rapidly grow our used oil collection efficiently and cost effectively so that we are able to enter the used oil re-refining business. Our investments in this network help us to rapidly open branches and add oil collection routes to existing branches.

***Large and Highly Diverse Customer Base***

Our focus on small and mid-sized businesses within the Environmental Services segment has enabled us to attract a variety of customers engaged in a range of businesses spread across the spectrum of the manufacturing, vehicle service and transportation industries, which helps insulate us from disruption caused by the possible loss of a single large account. Our customer base consists of over 58,000 active customer locations. In our Environmental Services segment, our largest single customer represented 1.0% of our consolidated fiscal 2011 sales, and our largest ten customers represented approximately 5.7% of our consolidated fiscal 2011 sales. In the Oil Business segment, revenues from our largest customer accounted for 15.4% of our consolidated fiscal 2011 sales, as this customer purchased our intermediate re-refined products.

***Innovative Services that Reduce Customers' Regulatory Burdens***

We have designed innovative service programs to meet the needs of our target Environmental Services customers, in particular, their desire to minimize regulatory compliance burdens. To help our customers achieve this objective, we have created two parts-cleaning service programs which each exempt our customers from certain hazardous waste regulations and filing requirements:

*Non-Hazardous Program for Parts Cleaning.* In our non-hazardous program for parts cleaning, we provide our customers with an alternative solvent that is not included in the EPA's definition of hazardous waste due to its increased flashpoint, and we educate each participating customer to prevent harmful contaminants from being added to the solvent during use. As long as the customer does not add toxic or flammable contaminants during use, neither the clean solvent that we supply nor the resulting used solvent generated by customers participating in our non-hazardous program for parts cleaning is classified as hazardous waste by the EPA because of the reduced solvent flammability. Consequently, each can be managed as non-hazardous waste, minimizing the burdensome hazardous waste regulations faced by our customers. After we collect the used solvent from customers participating in our non-hazardous program for parts cleaning, we recycle it via distillation for re-delivery to our parts cleaning customers. In order to most efficiently operate our non-hazardous program for parts cleaning, we have built a solvent recycling system at our Indianapolis hub capable of recycling up to 6 million gallons per year of used solvent generated by customers participating in our non-hazardous program.

*Product Reuse Program for Parts Cleaning.* Rather than managing used solvent as a waste, we have developed a program that uses the solvent as an ingredient in the manufacture of asphalt roofing materials. Used solvent generated by customers participating in our product reuse program for parts cleaning is sold as a direct substitute for virgin solvent that is otherwise used in the asphalt manufacturing process. Since the used solvent is destined for reuse, it is not deemed a waste, and therefore it is not subject to hazardous waste regulations. To enhance the marketing of these programs, in the past 20 years we and our predecessor, Heritage Environmental Services, have voluntarily obtained concurrence letters from more than 30 state environmental agencies to validate this approach.

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***Experienced Management Team***

Our management team has substantial experience in the industry and possesses particular expertise in the small to mid-sized customer segment. Our senior managers have on average more than 20 years of industry experience and our middle managers have on average more than 10 years of experience. Many of our managers held key positions with a competitor, Safety-Kleen, between 1986 and 1998, a time during which Safety-Kleen grew from \$255 million to over \$1.0 billion in annual revenue.

***Substantial Re-Refinery Expertise***

Our management team has extensive experience in the used oil re-refining industry as several members of our management team were significant contributors to the design and construction of approximately 65% of the re-refining capacity in North America. We have and intend to continue to leverage this experience as we grow our Oil Business segment.

***Growth Strategies***

We intend to grow by providing environmental solutions that meet the needs of our customers. We have several different strategies to accomplish this goal, including:

***Same-Branch Sales Growth***

We seek to generate year-over-year growth in existing markets by obtaining new customers and by cross-selling multiple services to existing customers. Our sales and marketing strategy includes providing significant incentives to our field sales and service personnel to find and secure new business. In addition, this growth is achieved by increasing the number of sales people, increasing the number of trucks and drivers, and adding additional services offered. These incentives include commission compensation for individuals and managers, as well as prize awards and contests at the individual and team level. Our company culture is designed to consistently emphasize the importance of sales and service excellence, and fosters enthusiasm that supports continued sales success. Additionally, we intend to drive profitability by leveraging fixed costs against incremental sales growth at our existing branches.

***Expanded Service Offerings***

Our 67 branches currently offer parts cleaning and containerized waste management services; 50 offer used oil collection services and 33 branches offer vacuum truck services. As part of entering into the used oil re-refining industry, we intend to continue rapid growth in the number of branches providing used oil collection services in order to self-source a greater percentage of the feedstock required to run our re-refining facility at capacity. As our business grows and we achieve sufficient market penetration, we intend to expand the number of services offered at our existing branches. We also have other new business programs in various stages of development which have the potential to be offered through our branch locations in the future.

***Geographic Expansion***

We currently operate from 67 branch locations that offer our parts cleaning, containerized waste management and used oil collection services to customers in 42 states and the District of Columbia. We have opened new branches at a relatively low cost. We believe that there are opportunities to open more branches and provide convenient local service to additional markets within the contiguous United States. On average, we have opened approximately 3-5 branches per year over the past several years.



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***Selectively Pursue Acquisition Opportunities***

Our management team has significant experience in identifying and integrating acquisition targets. For over a decade, we have successfully acquired the assets of several small competitors primarily in the Environmental Services segment. In fiscal 2011, we acquired certain assets and liabilities of two used oil collection companies in order to take advantage of new collection routes and increase the amount of internally collected used oil available as feedstock at our used oil re-refinery. Given the number of small competitors in the industries within which we compete, there are generally multiple acquisition opportunities available to us at any given time. In addition, we consider larger acquisition opportunities or investments if they fit into our business plan. Our growth plan is not dependent on acquisitions, but we will continue to pursue complementary acquisitions and investments that leverage our established infrastructure.

**Recent Developments**

During the first quarter of fiscal 2012, we began operating the hydrotreater portion of our re-refinery to produce Group II lubricating base oil, and we began to sell this product. The results of the initial base oil production and related sales will be reflected in our financial results for the first quarter of 2012. We estimate that consolidated first quarter revenue for fiscal 2012 will be approximately \$49.5 to \$50.5 million and we estimate that earnings per share for the same quarter will be approximately \$0.01 to \$0.02 per share, based on 14,496,574 shares outstanding as of March 24, 2012.

Beginning in the first quarter of fiscal 2012, Total Assets and Total Liabilities will be presented on the Balance Sheet of the Company to reflect noncurrent deferred income tax items on a net basis, rather than presenting them separately as a noncurrent deferred tax asset and a noncurrent deferred tax liability, which were \$18.4 million and \$23.1 million, respectively, at December 31, 2011. If the new presentation had been used when preparing the Company's balance sheet for December 31, 2011, Total Assets would have been \$134.1 million and Total Liabilities would have been \$55.5 million and the noncurrent deferred tax liability would have been \$4.7 million. This contemplated error correction does not affect the reported December 31, 2011 net income, cash flow from operations, or stockholders' equity and the Company has concluded that this error does not materially misstate the Company's December 31, 2011 consolidated financial statements.

The preliminary financial data above has been prepared by, and is the responsibility of, our management. Our independent registered public accounting firm has not audited, reviewed, compiled, or performed any procedures with respect to this preliminary financial data and does not express an opinion or any other form of assurance with respect thereto. Because the first quarter of fiscal 2012 has recently ended, the unaudited revenue and earnings per share information presented above for the first quarter of fiscal 2012 reflects estimates based only upon preliminary information available to us as of the date of this prospectus supplement and is not a comprehensive statement of our financial results for the first quarter of fiscal 2012. Our financial statements and operating data as of and for the first quarter of fiscal 2012 will not be available until after this offering is completed and may differ from the unaudited revenue and earnings per share information we have provided in this prospectus supplement. Such differences may be material. Accordingly, you should not place undue reliance on these preliminary estimates. The estimates for the first quarter of fiscal 2012 are not necessarily indicative of any future period and should be read together with "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Summary Consolidated Financial and Operating Data" and our consolidated financial statements and related notes included elsewhere in this prospectus supplement or which are incorporated herein by reference.

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**The Offering**

Common stock offered by us:	2,956,521 Shares
Common stock outstanding after the offering:	17,589,876 Shares
NASDAQ Global Market symbol:	"HCCI"
Use of proceeds:	We estimate that the net proceeds from the sale of shares of our common stock in this offering will be approximately \$56.8 million (or approximately \$65.4 million if the underwriters exercise their over-allotment option in full), based on the public offering price of \$20.50 per share, after deducting the underwriting discount and estimated offering expenses. We intend to use the net proceeds of the offering to repay approximately \$12 million of our indebtedness under the revolving loan portion of our existing credit facility and the remaining amounts for general corporate purposes, which may include the addition of re-refining capacity via expansion of our existing re-refinery, construction of a new re-refinery, acquisitions or investments in existing re-refineries and/or acquisitions of used oil collection capacity. See "Use of Proceeds."
Risk factors:	See "Risk Factors" and other information included in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding whether to invest in shares of our common stock.

The share information above is based on 14,633,355 shares of common stock outstanding as of April 18, 2012 and excludes:

590,146 shares of our common stock issuable upon exercise of options outstanding under our 2008 Omnibus Stock Incentive Plan as of April 18, 2012 at a weighted average exercise price of \$10.98;

160,324 shares of unvested restricted stock as of April 18, 2012 granted to our directors and management under our 2008 Omnibus Stock Incentive Plan; and

801,585 and 22,171 shares of common stock reserved for future issuance under our 2008 Omnibus Stock Incentive Plan and our Employee Stock Purchase Plan of 2008, respectively, and 60,000 additional shares of common stock proposed to be made available under our Employee Stock Purchase Plan of 2008.

Unless we indicate otherwise, the information in this prospectus supplement assumes that the underwriters will not exercise their over-allotment option to purchase up to 443,479 additional shares of our common stock.

Of the 2,956,521 shares (not including amounts offered if the underwriters exercise their option to purchase additional shares) being offered under this prospectus, The Heritage Group, our largest stockholder ("Heritage"), Fred Fehsenfeld, Jr., the Chairman of our Board and an affiliate of Heritage, and certain related trusts of Mr. Fehsenfeld will be offered a total of 45.8% of the shares offered, or 1,354,087 shares, representing the same percentage of shares being sold in this offering as Heritage, Mr. Fehsenfeld and the related trusts currently hold of our outstanding common stock in the aggregate. These shares are being offered to Heritage in accordance with certain participation rights granted to Heritage by us in connection with our initial public offering. In the event the underwriters exercise their option to purchase additional shares, Heritage, Mr. Fehsenfeld and the related trusts of Mr. Fehsenfeld will be offered in the aggregate an additional 45.8% of the total number of shares for which the option is exercised. Heritage, Mr. Fehsenfeld and the related trusts have indicated that their intent as of the date of this prospectus supplement is to purchase a total of 487,805 shares in the offering. See the "Underwriting" section of this prospectus supplement for more information.

Table of Contents**Summary Consolidated Financial and Operating Data**

The following table shows our summary consolidated income statement and other financial and operating data for fiscal 2009, 2010 and 2011 and our summary consolidated balance sheet data as of December 31, 2011. Our fiscal year ends on the Saturday closest to December 31. "Fiscal 2011" represents the 52-week period ended December 31, 2011. "Fiscal 2010" represents the 52-week period ended January 1, 2011. "Fiscal 2009" represents the 52-week period ended January 2, 2010. The summary consolidated income statement and other financial data for fiscal years 2009, 2010 and 2011 are derived from our audited consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles, which are incorporated herein by reference. Our historical results are not necessarily indicative of our results for any future period.

This information should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2011, including the "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our audited consolidated financial statements and related notes appearing in such report, which are incorporated herein by reference.

	Fiscal Year		
	2009	2010	2011
	(Dollars in thousands, except per share data)		
STATEMENT OF OPERATIONS DATA:			
Sales	\$ 98,398	\$ 112,118	\$ 152,858
Operating Expenses			
Operating Costs	74,371	83,773	124,000
Selling, general, and administrative expenses	16,438	18,035	20,715
Depreciation and amortization	4,308	4,629	5,657
Loss (gain) on disposal of fixed assets net	159	39	(10)
Operating income	3,122	5,642	2,496
Interest expense	3		37
Income before income taxes	3,119	5,642	2,459
Provision for income taxes	1,326	2,371	985
Net income	\$ 1,793	\$ 3,271	\$ 1,474
Net income per share: basic	\$ 0.17	\$ 0.26	\$ 0.10
Net income per share: diluted	\$ 0.17	\$ 0.26	\$ 0.10
Weighted average shares outstanding (in thousands):			
Basic	10,700	12,645	14,313
Diluted	10,772	12,704	14,710
OTHER OPERATING DATA (unaudited):			
EBITDA(1)	\$ 7,430	\$ 10,271	\$ 8,153
Average sales per working day Environmental Services	370	410	470
Number of branches at end of fiscal year	58	62	67

	As of December 31, 2011	
	Actual	As Adjusted
	(In thousands)	
BALANCE SHEET DATA(2):		
Cash and cash equivalents	\$ 2,186	\$ 46,961
Total assets(3)	\$ 152,416	\$ 197,191
Total debt	\$ 21,891	\$ 21,891
Total stockholders' equity/members' capital	\$ 78,553	\$ 135,328

(1)

EBITDA represents net income before provision for income taxes, interest income, interest expense, depreciation and amortization. We have presented EBITDA because we consider it an important supplemental measure of our performance and believe it is

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frequently used by analysts, investors, our lenders and other interested parties in the evaluation of companies in our industry.  
Management uses EBITDA as a

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measurement tool for evaluating our actual operating performance compared to budget and prior periods. Other companies in our industry may calculate EBITDA differently than we do. EBITDA is not a measure of performance under U.S. GAAP and should not be considered as a substitute for net income prepared in accordance with U.S. GAAP. EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

EBITDA does not reflect interest expense or the cash requirements necessary to service interest or principal payments on our debt;

EBITDA does not reflect tax expense or the cash requirements necessary to pay for tax obligations; and

Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements. We compensate for these limitations by relying primarily on our U.S. GAAP results and using EBITDA only as a supplement.

The following table contains a reconciliation of our net income determined in accordance with GAAP to EBITDA:

	Fiscal year		
	2009	2010	2011
Net income	\$ 1,793	\$ 3,271	\$ 1,474
Interest expense	3		37
Provision for income taxes	1,326	2,371	985
Depreciation and amortization	4,308	4,629	5,657
EBITDA	\$ 7,430	\$ 10,271	\$ 8,153

(2)

The summary balance sheet data as of December 31, 2011 is presented on an as adjusted basis to give effect to the receipt by us of net proceeds from the sale of common stock offered by us in the public offering but before the application of the net proceeds, based on the public offering price per share of \$20.50. In the table above, the Cash and cash equivalents, as adjusted, amount reflects the use of a portion of the net proceeds from this offering to repay approximately \$12 million of additional indebtedness incurred under our revolving credit facility after December 31, 2011.

(3)

Beginning in the first quarter of fiscal 2012, Total Assets and Total Liabilities will be presented on the Balance Sheet of the Company to reflect noncurrent deferred income tax items on a net basis, rather than presenting them separately as a noncurrent deferred tax asset and a noncurrent deferred tax liability, which were \$18.4 million and \$23.1 million, respectively, at December 31, 2011. If the new presentation had been used when preparing the Company's balance sheet for December 31, 2011, Total Assets would have been \$134.1 million and Total Liabilities would have been \$55.5 million and the noncurrent deferred tax liability would have been \$4.7 million. This contemplated error correction does not affect the reported December 31, 2011 net income, cash flow from operations, or stockholders' equity and the Company has concluded that this error does not materially misstate the Company's December 31, 2011 consolidated financial statements.

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**RISK FACTORS**

*Investing in our securities involves a high degree of risk. You should carefully consider the risks described below and the information set forth in the accompanying prospectus to this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2011, together with all other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, before you decide to invest in our common stock. See also "Cautionary Note Regarding Forward-Looking Statements" below.*

**Risks Relating to Our Business**

***Our results of operations and financial condition have been and could in the future be materially adversely impacted by an economic downturn.***

In the latest recession, the economy experienced a severe and prolonged downturn which adversely impacted our customer base, which is primarily composed of companies in the automotive repair and manufacturing industries. The overall demand for our parts cleaning products and supplies and other services is influenced by fluctuations in end-user demand, which in turn depends on general macroeconomic conditions and regional economic conditions affecting our branches. Many of our customers are heavily dependent on general economic conditions, including the availability of affordable energy sources, employment levels, interest rates, financial credit availability, consumer confidence, and housing demand. Downturns in these general economic conditions can significantly affect the business of our customers, which in turn affects demand, volume, pricing, and operating margins for our services and products. For example, during the recent economic downturn, our customers sought ways to reduce their costs, including reducing their demand for our services. Our customers and suppliers may face severe financial difficulties due to changes in general economic conditions, causing them to cease some or all of their business operations. We may have accounts receivable owing from customers who may not be able to honor their obligations to us. Failure to collect a significant portion of amounts due on those receivables could have a material adverse effect on our results of operations and financial condition.

Adverse economic and financial market conditions may also cause our suppliers to be unable to provide materials and components to us or may cause suppliers to make changes in the credit terms they extend to us, such as shortening the required payment period for our amounts owing them or reducing the maximum amount of trade credit available to us. Such changes could adversely affect our liquidity and could have a material adverse effect on our results of operations and financial condition. If we are unable to successfully anticipate changing economic and financial market conditions, we could be adversely affected.

In addition, a substantial or prolonged material adverse impact on our results of operations and financial condition due an economic downturn could affect our ability to satisfy the financial covenants in our bank credit facility, which could result in our having to seek amendments or waivers from our lenders to avoid the termination of commitments and/or the acceleration of the maturity of amounts that may be outstanding under our bank credit facility. The cost of obtaining an amendment or waiver could be significant, and could substantially increase our cost of borrowing over the remaining term of our bank credit facility. Furthermore, there can be no assurance that we would be able to obtain an amendment or waiver. If our lenders were unwilling to enter into an amendment or provide a waiver, all amounts outstanding under our bank credit facility would become immediately due and payable.

***Our operating margins and profitability may be negatively impacted by the volatility in crude oil, lubricating base oil, used oil feedstock, solvent, fuel, energy, and commodity costs.***

As we begin to produce and sell base oil and re-refinery byproducts, the price at which we sell these products will be affected by changes in certain oil indices. If the relevant oil indices rise, we can

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typically expect to increase prices for our re-refined base oil. If the relevant oil indices decline, we would typically reduce prices for our re-refined base oil. However, the cost to collect used oil, including the amounts we must pay to obtain used oil and the fuel costs of our oil collection fleet, generally also increases or decreases when the relevant index increases or decreases. We cannot assure you that any increased costs we experience can be passed through in the prices we charge for our re-refined oil or that the costs to collect and re-refine used oil will decline when re-refined oil prices decline. If the prices we charge for our re-refined oil and the costs to collect and re-refine used oil do not move together or in similar magnitudes, our profitability may be materially and negatively impacted. Moreover, oil prices and the cost of feedstock significantly affect the revenue and profitability of our re-refinery. In particular, our expected results are heavily dependent on the price of base oil; we would expect that a decline in base oil prices of \$0.10/gallon would result in a reduction of approximately \$3 million per year in both our revenue and our operating income, assuming that the re-refinery is operating at design capacity.

Our Environmental Services business is dependent on the widespread availability of certain crude oil products such as solvent we place with customers and fuel for operating our fleet of trucks. Changes and volatility in the price of crude oil can adversely impact the prices for these products and therefore affect the operating results of our Environmental Services segment. The price and supply of solvent and fuel are unpredictable and fluctuate based on events beyond our control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries, regional production patterns, and environmental concerns.

Increased costs of crude can significantly increase the operating costs in our Environmental Services segment. Since solvent is a product of crude oil, we are also susceptible to increases in solvent costs when crude oil costs increase. The market price of crude has been volatile and rose substantially from 2004 to 2008 before falling significantly in late 2008. It has since risen at a steadier pace. During a period of rising crude costs, we experience increases in the cost of solvent, fuel, and other petroleum-based products. We have in the past been generally able to mitigate the increased solvent and fuel costs through the imposition of price increases and energy surcharges on our invoices to customers. However, there can be no assurance that we will be able to pass on future price increases because of the competitive nature of the industry. Due to political instability in oil producing countries, oil prices could increase significantly in the future. A significant or sudden increase in solvent or fuel costs could lower our operating margins and negatively impact our profitability. We currently do not use financial instruments to hedge against fluctuations in oil, solvent, or energy prices. If this volatility continues, our operating results could also be volatile and adversely affected.

In addition, a significant portion of our inventory consists of new and used solvents and oil products. Volatility in the price of crude oil has in the past impacted and can significantly impact in the future the value of this inventory and our operating margins. For example, in the fourth quarter of fiscal 2008, we generally experienced a sharp decrease in the cost of crude oil and related commodities which caused a decline in the market value of our solvent and used oil inventory. Consequently, we recorded a non-cash inventory impairment charge on the portion of our solvent and oil inventory that is held for sale, reflecting the lower market value of such inventory. Additionally, we recorded additional expense to reflect the lower value of the solvent inventory held for use in our service programs. Further, because we apply a first-in first-out accounting method, volatility in solvent and oil prices can significantly impact our operating margins. If volatility in the price of crude oil continues, our operating results will be difficult to predict and could also be adversely affected.

Any increases in our costs to collect used oil could adversely affect the profitability of our used oil re-refinery. Increases in the cost of natural gas may increase the cost to operate our used oil re-refinery. In addition, many small automotive repair shops and manufacturing companies burn used oil as a source of heat as an alternative to using natural gas. If the price of natural gas were to increase significantly, these potential customers may choose to retain their used oil for fuel purposes rather than

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sell to us. In addition, if re-refining capacity in the United States increases, demand for used oil might increase, which could increase the cost to collect used oil. Other competitors have recently announced plans to construct their own re-refineries. This could make it difficult for us to operate our used oil re-refinery at capacity or might cause us to purchase used oil feedstock at higher rates.

***We may not be able to operate our used oil re-refinery as planned, which could harm our business.***

We recently completed the construction of our used oil re-refinery and we are in the early stages of producing base oil. There can be no assurance that unforeseen market conditions will not adversely impact the operation or profitability of the re-refinery. The development of a used oil re-refinery is a new business for our company and requires a different employee base and skill set than that required for our business historically. These new skill sets include chemical engineering and operational management of the re-refinery. Although our management team has operated re-refineries for other companies, we cannot assure you that we will have sufficient expertise to operate the re-refinery within the performance parameters currently contemplated. Furthermore, the development and management of the Oil Business requires time and resources, including the attention of our management, which could divert our management from other core operations.

Our success in operating our re-refinery at capacity will be affected by the following factors:

Used oil feedstock Operating at capacity depends on our ability to obtain the required volume from either Company customers or third party collectors.

Operation of the Re-Refinery Operating at capacity depends on the ability of our employees and management to run the re-refinery at design rates, safely, and in compliance with all relevant regulations.

Logistics Operating at capacity depends on our ability to efficiently transport used oil to our Indianapolis site, and transport lubricating base oil and related byproducts out of our Indianapolis site.

Lubricating Base Oil Demand Operating at capacity depends on the demand for lubricating base oil in general and specifically the lubricating base oil produced at our Indianapolis site.

The extent to which we are able to effectively manage the above risk factors will affect the profitability of our Oil Business segment.

The operation of our re-refinery may be considered inherently dangerous, and injury to individuals or property may occur, potentially subjecting us to lawsuits. If we fail to operate our re-refinery as anticipated our business and operating results could suffer.

***The used oil re-refinery may not generate the operating results that we anticipate and may lead to greater volatility in our revenue and earnings.***

We may not be able to realize the expected benefits from developing and operating a used oil re-refinery. The operation of the plant creates different and additional risks compared to those of our traditional service businesses. We may not be able to collect an amount of used oil through our used oil collection services that is necessary to run our re-refinery at capacity. We may experience difficulty securing sufficient used oil feedstock to run the re-refinery at anticipated rates and have to pay more for additional feedstock, thereby reducing our operating margins, or reduce our operating rates. We may experience insufficient rail car capacity to efficiently transport our used oil feedstock to the re-refinery. We may also have difficulty selling all of the base oil that we produce. In addition, we may experience increased downward pricing pressure when compared to suppliers of virgin base oil, which has historically sold at a premium to re-refined base oil. Our estimates of revenue and profitability for the re-refinery could prove to be erroneous or could be impacted by changes in these market factors



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and changes in commodity selling prices for base oil, which is beyond our control. In addition, we could experience potential inventory charges related to material held for processing or sale.

The operation of our used oil re-refinery exposes us to risks related to the potential adverse environmental impact of a spill or other release at the used oil re-refinery, the loss of permits, the risk of explosion or fire or other hazards, the risk of injury to our employees or others, as well as the negative publicity due to public concerns regarding our operation. While these risks are in some respects similar to risks that we have experienced in our traditional service businesses, the magnitude of exposure may be greater due to the nature of the used oil re-refining industry and the greater volumes, temperatures, and pressures involved. While we may maintain some insurance that covers portions of these exposures, in many cases the risks are uninsurable or we will not choose to procure insurance at levels that will cover any potential exposure.

Any problem or perception of a problem with our re-refining facility could have a material adverse impact on our revenue and earnings and lead to a loss of stockholder and/or research analyst confidence in our business and could result in a sudden and significant reduction in our stock price.

***Consolidation and/or declines in the U.S. automotive repair and U.S. manufacturing industries could cause us to experience lower sales volumes, which could materially affect our growth and financial performance.***

Our business relies on continued demand for our parts cleaning and waste management services in the United States automotive repair and manufacturing industries, which may suffer from declining market size and number of locations, due in part to the uncertainty of economic conditions, international competition, and consolidation. Industry trends affecting our customers have caused our customers' businesses to contract. Additional decline could reduce the demand for our parts cleaning and other services and products and have a material adverse impact on our business. As a result, we may not be able to continue to grow our business by increasing penetration into the industries which we serve, and our ability to retain our market share and base of sales could become more difficult.

***We conduct business in an industry that is highly regulated by environmental, health and safety, transportation, and employment laws and regulations. If we do not comply with these laws and regulations, we may be subject to involuntary shutdowns and/or significant financial penalties.***

The sale, handling, transportation, storage, recycling, and disposal of industrial and hazardous waste, including solvents used in parts cleaners, used oil, and containerized waste, are highly regulated by various legislative bodies and governmental agencies at the federal, state, and local levels, including the EPA, the Department of Transportation, and the Occupational Safety and Health Administration, or OSHA. Any failure by us to maintain or achieve compliance with laws and regulations or with the permits required for our operations could result in substantial operating costs and capital expenditures for equipment upgrades, fines, penalties, civil or criminal sanctions, third-party claims for property damage or personal injury, cleanup costs and/or involuntary temporary or permanent discontinuance of our operations. We have in the past been subject to penalties and fines for noncompliance with environmental regulations and could be subject to penalties and fines in the future. In addition, there exists a high level of public concern over hazardous waste operations, including with respect to the siting and operation of transfer, processing, storage, and disposal facilities. Part of our business strategy is to increase our re-refining capacity through the operation of our facility and by adding new branch operations. Each of these efforts requires us to undergo an intensive regulatory approval process that could be time consuming and impact the success of our business strategy. Zoning, permit, and licensing applications and proceedings, as well as regulatory enforcement proceedings, are all matters open to public scrutiny and comment. Accordingly, from time to time we have been, and may in the future be, subject to public opposition and publicity, which may damage our reputation and delay or limit the expansion and development of our operating properties or impair our ability to renew existing permits,

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which could prevent us from implementing our growth strategy and have a material adverse effect on our business, financial condition, or results of operations.

***If current environmental laws and regulations are changed, we may be forced to significantly alter our business model, which could have a material adverse effect on our financial performance.***

Environmental laws and regulations are subject to change and may become increasingly stringent or relaxed. Interpretation or enforcement of existing laws and regulations, or the adoption of new laws and regulations, may require us to modify or curtail our operations or replace or upgrade our facilities or equipment at substantial costs which we may not be able to pass on to our customers. However, if new laws and regulations are less stringent, then our customers or competitors may be able to manage waste more effectively without reliance on our service, which could decrease the need for our services and/or increase competition, which could adversely affect our revenues and profitability.

For example, the EPA currently excludes used materials used as an ingredient in the production of a product from being defined as hazardous waste. Our product reuse program for parts cleaning operates under this exclusion and provides an advantage by excluding our customers' used solvent from being regulated as hazardous waste. Similarly, under our non-hazardous program for parts cleaning, we provide our customers with a different solvent that has a higher flashpoint than traditional solvents. The resulting used solvent is not considered to be hazardous waste so long as our customers ensure that no inappropriate contaminants were contributed to the used solvent.

If the EPA were to broaden the definition of hazardous waste to include used solvents generated by our customers under our product reuse and/or non-hazardous programs for parts cleaning, the value of our offerings may be significantly reduced, which could have a material adverse effect on our financial performance. Examples of changes by the EPA that could adversely affect our services include, but are not limited to, the following:

elimination of the reuse exception to the definition of hazardous waste;

increase in the minimum flashpoint threshold at which solvent becomes included in the definition of hazardous waste;

increased requirements to test the used solvent that we pick up from our customers for the presence of toxic or more flammable contaminants; and

adoption of regulations similar to those enacted in some California air quality districts that prohibit the use of the solvents of the type that we sell for parts cleaning operations.

In addition, new laws and regulations, new interpretations of existing laws and regulations, increased governmental enforcement, or other developments could require us to make additional unforeseen expenditures. We are not able to predict the impact of new or changed laws or regulations or changes in the ways that such laws or regulations are administered, interpreted, or enforced. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. To the extent that our costs associated with meeting any of these requirements are substantial and cannot adequately be passed through to our customers, our earnings and cash flows could suffer.

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***Our operations are subject to numerous environmental and other laws and regulations, and, to the extent we are found to be in violation of any such laws and regulations, our business could be materially and adversely affected.***

Our operations are subject to extensive federal, state, and local laws and regulations relating to the protection of the environment, which, among other things:

regulate the collection, transportation, handling, processing, and disposal of the hazardous and non-hazardous wastes that we collect from our customers;

impose liability on persons involved in generating, handling, processing, transporting, or disposing of hazardous materials; and

impose joint and several liability for the remediation and clean-up of environmental contamination.

The breadth and complexity of all of these laws and regulations affecting our business make consistent compliance extremely difficult and often result in increased operating and compliance costs. Even though we have implemented programs designed to maintain compliance with the aforementioned regulations, we and other companies in the industry are routinely faced with legal and administrative proceedings, which can result in civil and criminal penalties, interruption of business operations, fines, or other sanctions, and require expenditures for remedial work at our facilities and third-party facilities. Under current law, we may be held liable for damage caused by conditions that existed before we acquired the assets or operations involved or if we arrange for the transportation, disposal, or treatment of hazardous substances that cause environmental contamination. We may also be held liable for the mishandling of waste streams resulting from the misrepresentations by a customer as to the nature of such waste streams. We may be subject to monetary fines, civil or criminal penalties, remediation, clean-up or stop orders, injunctions, orders to cease or suspend certain practices, or denial of permits we require to operate our facilities. We have in the past been subject to penalties and fines for noncompliance with environmental regulations and could be subject to penalties and fines in the future. The outcome of any proceeding and associated costs and expenses could have a material adverse impact on our operations and financial condition.

We are also required to obtain and maintain permits, licenses, and approvals to conduct our operations in compliance with such laws and regulations. If we are unable to maintain our currently held permits, licenses and approvals, we may not be able to continue certain of our operations. If we are unable to obtain any additional permits, licenses and approvals which may be required as we expand our operations, we may not be able to grow our business.

***We face intense competition in the industrial and hazardous waste services industries and from other used oil re-refiners and crude oil refiners.***

The markets for parts cleaning, containerized waste management, used oil collection and re-refining, and vacuum truck services are intensely competitive. Numerous small companies provide these services at a regional or local level and may be able to compete with lower overhead and operating costs. In addition, Safety-Kleen, our largest competitor, has held substantial market share in the parts cleaning industry for the last four decades and has developed a significant market share in used oil services, including used oil collection and containerized waste management. Safety-Kleen and some of our other competitors have substantially greater financial and other resources and greater name recognition than us. Our business growth, financial performance, and prospects will be adversely affected if we cannot gain market share from these competitors, or if any of our competitors develop products or services superior to those offered by us. We could lose a significant number of customers if Safety-Kleen or other competitors materially lower their prices, improve service quality, or develop more competitive product and service offerings.

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In addition, companies involved in the waste management industry, including waste hauling, separation, recovery, and recycling, may have the expertise, access to customers, and financial resources that would encourage them to develop and market services and products competitive with those offered by us. We also face competition from alternative services that provide similar benefits to our customers as those provided by us. In addition, new technology regarding the treatment and recycling of used solvent may lead to functionally equivalent or superior products becoming available, which may decrease the demand for our services and products or cause our products and services to become obsolete.

Many of our competitors have announced plans to enter the used oil re-refining business or expand their existing used oil re-refining businesses by adding additional capacity. The additional competition may make it more difficult for us to sell our re-refined lubricating base oil. In addition, extra competition in the collection of used oil feedstock may require us to pay more for our used oil or prevent us from collecting enough feedstock to operate the used oil re-refinery at capacity.

The success of our re-refining business could be negatively impacted by the actions of crude oil refiners. A majority of the volume of base oil supply in the United States is from large companies who generate base oil from crude oil. Several of these companies possess significant scale and financial resource advantages compared to us and could use these advantages to greatly impact the price and or supply of base oil and thereby negatively impact our revenue and profitability.

***We could be subject to involuntary shutdowns or be required to pay significant monetary damages if we are found to be a responsible party for the improper handling or the release of hazardous substances.***

As a company engaged in the sale, handling, transportation, storage, recycling, and disposal of materials that are or may be classified as hazardous by federal, state, or other regulatory agencies, we face risks of liability for environmental contamination. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), and similar state laws impose strict liability on current or former owners and operators of facilities that release hazardous substances into the environment, as well as on the businesses that generate those substances or transport them to the facilities. As a potentially responsible party, or PRP, we may be liable under CERCLA for substantial investigation and cleanup costs even if we operate our business properly and comply with applicable federal and state laws and regulations. Liability under CERCLA may be joint and several, which means that if we were found to be a business with responsibility for a particular CERCLA site, we could be required to pay the entire cost of the investigation and cleanup, even though we were not the party responsible for the release of the hazardous substance and even though other companies might also be liable. Even if we were able to identify who the other responsible parties might be, we may not be able to compel them to contribute to the remediation costs, or they may lack the financial resources to make such remediation payments.

Our facilities and the facilities of our customers and third party contractors may have generated, used, handled and/or disposed of hazardous substances and other regulated wastes. Environmental liabilities could exist, including cleanup obligations at these facilities or at off-site locations where materials from our operations were disposed of, which could result in future expenditures that cannot be currently quantified and which could materially reduce our profits. Our pollution liability insurance excludes certain liabilities under CERCLA. Thus, if we were to incur a liability under CERCLA that was not covered by our insurance and if we could not identify other parties responsible under the law whom we are able to compel to contribute to the liability, the cost to us could be substantial and could impair our profitability, reduce our liquidity, and have a material adverse effect on our business. Although our customer service agreements typically provide that the customer is responsible for ensuring that only appropriate materials are disposed of, we could be exposed to third party claims if customers dispose of improper waste, and we might not be successful in recovering our damages from those customers. In addition, new services or products offered by us (such as the re-refining of used

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oil) could expose us to further environmental liabilities for which we have no historical experience and cannot estimate our potential liability exposure.

***Our fixed cost structure may result in a greater loss or reduced earnings.***

Our network, including our facilities, fleet, and personnel, subjects us to fixed costs, which makes our margins and earnings sensitive to changes in revenues. In periods of declining demand, our fixed cost structure may limit our ability to cut costs, which may put us at a competitive disadvantage to firms with lower fixed cost structures, or may result in reduced operating margins and operating losses.

***We carry inventory of used solvents generated by customers participating in our product reuse program for parts cleaning.***

Our inventory of used solvent has fluctuated and it may continue to fluctuate. If we are unable to sell our reuse inventory, we may be required to write down the value of the inventory, and we may incur additional costs for storage and/or disposal which would adversely impact our operating results. In addition, while we sold enough used solvent to satisfy speculative accumulation requirements of the EPA for fiscal 2011 and prior years, we may not in future years.

***Our ability to achieve our business and financial objectives is subject to our ability to expand our non-hazardous programs for parts cleaning.***

For our business to grow, we may need to expand our non-hazardous program for parts cleaning. Unlike used solvent generated by customers participating in our product reuse program for parts cleaning (which must be resold for reuse as an ingredient), used solvent generated by customers participating in our non-hazardous program for parts cleaning can be recycled by third party recyclers or by us. We have a solvent recycling system at our Indianapolis hub to recycle used solvent generated by customers participating in our non-hazardous program, and we may also build or acquire similar facilities in the future. Any unanticipated costs in operating our solvent recycling system could have a material adverse effect on our operating results and require us to seek an alternative means to recycle or dispose of used solvent.

The operation of our solvent recycling system may be considered inherently dangerous, and injury to individuals or property may occur, potentially subjecting us to lawsuits. If we fail to operate our solvent recycling system as anticipated, our business and operating results could suffer. In addition, we may decide to alter or discontinue certain aspects of our business strategy at any time or offer new product lines which may not be profitable and could materially and adversely affect our financial condition and results of operations.

***We depend on the service of key individuals, the loss of whom could materially harm our business.***

Our success will depend, in part, on the efforts of our executive officers and other key employees, including Joseph Chalhoub, our Founder, President, Chief Executive Officer, and Director; Gregory Ray, our Chief Operating Officer and Secretary; John Lucks, our Senior Vice President of Sales and Marketing; Tom Hillstrom, our Vice President of Operations; Mark DeVita, our Chief Financial Officer; Ellie Chaves, our Chief Accounting Officer, Vice President Oil, and Vice President of Sales; and Glenn Casbourne, our Vice President of Engineering. These individuals possess extensive experience in our markets and are critical to the operation and growth of our business. If we lose or suffer an extended interruption in the services of one or more of our executive officers or other key employees, our business, results of operations, and financial condition may be negatively impacted. Moreover, the market for qualified individuals is highly competitive and we may not be able to attract and retain qualified personnel to succeed members of our management team or other key employees, should the need arise. We do not maintain key man life insurance policies on any of our named

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executive officers. One of our key growth strategies is the operation of our used oil re-refinery. Given their past experience with used oil re-refinery facilities, the retention of the members of our management team is particularly critical to our ability to operate the used oil re-refinery as planned. The loss of any of these individuals could adversely impact our ability to operate the re-refinery.

In addition, our operations and growth strategy rely on the expansion of our business through the creation and growth of new and existing branches. In order for us to create and grow new and existing branches properly, we must continually recruit and train a pool of hardworking and motivated sales and service representatives, or SSRs, to develop new customer leads as well as support our existing customer base. If we are not able to retain and recruit a sufficient number of SSRs, or if we experience an increase in the turnover of existing SSRs, we may not be able to support the continued growth of our business, which could have a material adverse impact on our financial performance.

***Our level of indebtedness could adversely affect our financial condition and ability to fulfill our obligations, impede the implementation of our strategy, and expose us to interest rate risk.***

At December 31, 2011, we had \$20 million borrowed as a term loan under our secured bank credit facility. We have the ability to borrow an additional \$20 million as a revolving loan under the same facility. Subsequent to December 31, 2011, we borrowed an additional \$12 million under the revolving credit facility, which we intend to repay with a portion of the proceeds of this offering. Our level of indebtedness may:

adversely impact our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, or other general corporate purposes;

require us to dedicate a substantial portion of our cash flow to the payment of interest or principal on our indebtedness;

subject us to the risk of increased sensitivity to interest rate increases based upon variable interest rates; and

increase the possibility of an event of default under the financial and operating covenants contained in our debt instruments.

Our \$20 million revolving loan expires December 14, 2012. If we are unable to renew the revolving loan or do so under favorable terms this may negatively impact the amount of working capital available to the Company.

If we are unable to generate sufficient cash flow from operations in the future to service our debt obligations, we may be required to refinance all or a portion of our existing debt facilities or to obtain additional financing and facilities. However, we may not be able to obtain any such refinancing or additional facilities on favorable terms or at all.

We are likely to require additional capital to support our operations and growth plans, including for working capital, capital expenditures, investments and to fund potential acquisitions. Our ability to access debt or equity capital may be significantly constrained. If we are unable to obtain additional capital on acceptable terms, we may be unable to take advantage of opportunities and grow the business.

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Furthermore, the credit facility requires us to maintain a specified total leverage ratio and has an excess cash flow provision that requires additional principal payments on the term loan if the excess EBITDA for the fiscal year exceeds the formula rate set forth in the facility. Our ability to comply with these ratios or tests may be affected by events beyond our control, including prevailing economic, financial, and industry conditions. A breach of any of these covenants, ratios, or tests could result in a default under the credit facility. Our credit facility also contains restrictions in the amount of capital expenditures that we can incur in any year. In fiscal 2011, we were required to amend our credit facility to permit the capital expenditures required to complete our used oil re-refinery ahead of schedule. If we plan to enter into similar capital-intensive projects, we will need to amend our credit facility to permit capital expenditures in excess of \$10 million. We cannot assure you that we will receive any waivers of our credit facility covenants in the future to complete projects such as the used oil re-refinery.

Borrowings under our credit facility are typically tied to the prime rate. In the event of an increase in the prime rate or an increase in the amount of our indebtedness, our interest expense will increase and could have a material adverse effect on our net income.

***We operate our business through many locations, and if we are unable to effectively oversee all of these locations, our business reputation and operating results could be materially adversely affected.***

Since we rely on our extended network of 67 branch locations to operate independently to carry out our business plan, we are subject to risks related to our ability to oversee these locations. If in the future we are unable to effectively oversee our branch locations, our results of operations could be materially adversely affected, we could fail to comply with environmental regulations, we could lose customers, and our business could be materially adversely affected.

***Our insurance policies do not cover all losses, costs, or liabilities that we may experience.***

We maintain insurance coverage, but these policies do not cover all of our potential losses, costs, or liabilities. We could suffer losses for uninsurable or uninsured risks or in amounts in excess of our existing insurance coverage which would significantly affect our financial performance. For example, our pollution legal liability insurance excludes costs related to fines, penalties, or assessments. Our insurance policies also have deductibles and self-retention limits that could expose us to significant financial expense. Our ability to obtain and maintain adequate insurance may be affected by conditions in the insurance market over which we have no control. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition, and results of operations. In addition, our business requires that we maintain various types of insurance. If such insurance is not available or not available on economically acceptable terms, our business could be materially and adversely affected.

***We are subject to potential liability claims relating to our services and products.***

We offer our customers specific guarantees that we will be responsible for all expenses resulting from any spill that occurs while we are transporting, processing, or disposing of customers' used solvent and other waste. Accordingly, we may be required to indemnify our customers for any liability under CERCLA or other environmental, employment, health and safety laws and regulations. We may also be exposed to product liability claims by our customers, users of our parts cleaning products, or third parties claiming damages stemming from the mechanical failure of parts cleaned with solvents and/or equipment provided by us. Although we maintain product liability insurance coverage, if our insurance coverage proves inadequate or adequate insurance becomes unreasonably costly or otherwise unavailable, future claims may not be fully insured. An uninsured or partially insured successful claim against us could have a material adverse effect on our business, financial condition, and results of operations.

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***Our focus on small business customers causes us to be subject to the trends and downturns impacting small businesses, which could adversely affect our business.***

Our customer base is primarily composed of small companies in the automotive repair and manufacturing industries. The high concentration of our customers that are small businesses exposes us to some of the broad characteristics of small businesses across the United States. Small businesses start, close, relocate, and get purchased or sold frequently. In addition, small businesses tend to be more significantly affected by economic recessions than larger businesses. This leads to a certain amount of ongoing turnover in the market. As a result, we must continually identify new customers and expand our business with existing customers in order to sustain our growth. If we experience a rise in levels of customer turnover, it may have a negative impact on the profitability of our business.

***We obtain services from our largest stockholder, The Heritage Group ("Heritage") and its affiliates, which we refer to collectively herein as Heritage, and our inability to replace these services in the future on economically acceptable terms could materially adversely affect our business.***

We obtain certain services from Heritage including disposal and product analytical services and workers' compensation insurance. Heritage beneficially owned 30.7% of our outstanding common stock as of December 31, 2011. If the services that we receive from Heritage become unavailable from Heritage, to the extent that we are unable to negotiate replacements of these services with similar terms, we could experience increases in our expenses.

***Litigation related to personal injury from exposure to solvents and the operation of our business may result in significant liabilities and affect our profitability.***

We have been and in the future may be involved in claims and litigation filed on behalf of persons alleging injury predominantly as a result of exposure to hazardous chemicals that are a part of the solvents that we provide. In addition, the hazards and risks associated with the use, transport, storage, handling, and disposal of our customers' waste by us and our customers (such as fires, natural disasters, explosions, and accidents) and our customers' improper or negligent use or misuse of solvent to clean parts may also expose us to personal injury claims, property damage claims, and/or products liability claims from our customers or third parties. As protection against such claims and operating hazards, we maintain insurance coverage against some, but not all, potential losses. However, we could sustain losses for uninsurable or uninsured risks, or in amounts in excess of existing insurance coverage. Due to the unpredictable nature of personal injury litigation, it is not possible to predict the ultimate outcome of these claims and lawsuits, and we may be held liable for significant personal injury or damage to property or third parties, or other losses, that are not fully covered by our insurance, which could have a material adverse effect on our business.

***We are dependent on third parties to supply us with the necessary components and materials to service our customers. We are also dependent on third party transport, including rail, recycling, and disposal contractors.***

In the operation of our business, we supply a large amount of virgin solvent and parts cleaning equipment to our customers. We do not maintain extensive inventories for most of these products. If we become unable to obtain, or experience delays in the transportation of, adequate supplies and components in a timely and/or cost-effective manner, we may be unable to adequately provide sufficient quantities of our services and products to our customers, which could have a material adverse effect on our financial condition and results of operations.

We, and our third party transporters, ship used oil and containerized waste collected from our customers to a number of third party recycling and disposal facilities, including incinerators, landfill operators, and waste-to-energy facilities. We generally do not have long-term fixed price contracts with our third party contractors, and if we are forced to seek alternative vendors to handle our third party



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recycling and disposal activities, we may not be able to find alternatives without significant additional expenses, or at all, which could result in a material adverse effect on our financial performance. In addition, we could be subject to significant environmental liabilities from claims relating to the transport, storage, processing, recycling, and disposal of our customers' waste by our third party contractors and their subcontractors.

***A system failure could delay or interrupt our ability to provide services and products and could increase our costs and reduce our sales.***

Our operations are dependent upon our ability to support our branch infrastructure. Our business operates through four hubs that service our 67 local branches. Any damage or failure that causes interruptions in our operations could result in the loss of customers. To date, we have not experienced any significant interruptions or delays which have affected our ability to provide services and products to our customers. The occurrence of a natural disaster, technological, transportation, or operational disruption or other unanticipated problem could cause interruptions in the services we provide and impair our ability to generate sales and achieve profits.

***We may be unable to manage our growth.***

In our first eleven years of operation, sales have increased at a compound annual growth rate of 22% from 1999 to 2011 despite a 9% decrease in our sales from 2008 to 2009. Our growth to date has placed and may continue to place significant strain on our management and operational and financial resources. We anticipate that continued growth, if any, as well as our entry into the used oil re-refining industry, will require us to recruit, hire, and retain new managerial, finance, sales, marketing, and operational personnel. We cannot be certain that we will be successful in recruiting, hiring, or retaining those personnel. Our ability to compete effectively and to manage our future growth, if any, will depend on our ability to maintain and improve operational, financial and management information systems on a timely basis and to expand, train, motivate, and manage our work force. If we continue to grow, we cannot be certain that our personnel, systems, procedures, and controls will be adequate to support our operations.

***Expansion of our business may result in unanticipated adverse consequences.***

In the future, we may seek to grow our business by investing in new or existing facilities, making acquisitions, entering into partnerships and joint ventures, or constructing new facilities such as the used oil re-refinery. Acquisitions, partnerships, joint ventures, investments, or construction projects may require significant managerial attention, which may divert our management from our other activities and may impair the operation of our existing businesses. Any future acquisitions of businesses or facilities, partnerships, joint ventures or the development of a new business line could entail a number of additional risks, including:

the failure to successfully integrate the acquired businesses or facilities into our operations;

the inability to maintain key pre-acquisition business relationships;

loss of key personnel of the acquired business or facility;

exposure to unanticipated liabilities; and

the failure to realize efficiencies, synergies and cost savings.

Any expansion of our business could take longer than expected, cost more than expected or not perform as anticipated. For example, any expansion of our re-refinery capacity may be more expensive than we anticipate and require permits that we may not be able to obtain on a timely basis, if at all, which could result in delays or even cancellation of the expansion project. As a result of these and

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other factors, including the general economic risk associated with the industries in which we operate, we may not be able to realize the expected benefits from any recent or future acquisitions, new facility developments, partnerships, joint ventures or other investments.

***We may not be able to protect our intellectual property adequately.***

We rely upon know-how and technological innovation and other trade secrets to develop and maintain our competitive position. We rely, to a significant extent, on trade secrets, confidentiality agreements, and other contractual provisions to protect our proprietary technology, and such agreements may not adequately protect us. Our competitors could gain knowledge of our know-how or trade secrets, either directly or through one or more of our employees or other third parties. Although we do not regard any single trade secret or component of our proprietary know-how to be material to our operations as a whole, if one or more of our competitors can use or independently develop such know-how or trade secrets, our market share, sales volumes and profit margins could be adversely affected.

In the event we become involved in defending or pursuing intellectual property litigation, such action may increase our costs and divert management's time and attention from our business. In addition, any potential intellectual property litigation could force us to take specific actions, including, but not limited to, the following:

cease selling products that use the challenged intellectual property;

obtain from the owner of the infringed intellectual property a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all; or

redesign those products that use infringing intellectual property.

***Climate change legislation or regulations restricting emissions of "greenhouse gases" could result in increased operating costs and reduced demand for our services.***

On December 15, 2009, the EPA published its findings that emissions of carbon dioxide, methane, and other greenhouse gases ("GHGs"), present an endangerment to public health and the environment because emissions of such gases are, according to the EPA, contributing to the warming of the earth's atmosphere and other climate changes. These findings allow the EPA to adopt and implement regulations that would restrict emissions of GHGs under existing provisions of the federal Clean Air Act. The EPA has adopted two sets of regulations under the existing Clean Air Act that would require a reduction in emissions of GHGs from motor vehicles and could trigger permit review for GHG emissions from certain stationary sources. In addition, both houses of Congress have actively considered legislation to reduce emissions of GHGs, and almost one-half of the states have taken legal measures to reduce emissions of GHGs, primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. Most of these cap and trade programs work by requiring either major sources of emissions or major producers of fuels to acquire and surrender emission allowances, with the number of allowances available for purchase reduced each year until the overall GHG emission reduction goal is achieved. The adoption and implementation of any regulations imposing GHG reporting obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur costs to monitor emissions and to reduce emissions of GHGs associated with our operations.

**Risks Related to Our Common Stock and This Offering**

***The price of our shares of common stock may be volatile.***

The trading price of shares of our common stock may fluctuate substantially. In particular, it is possible that our operating results may be below the expectations of public market analysts and

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investors, including the results of our entry into the used oil re-refining industry, and, as a result of these and other factors, the price of our common stock may decline. These fluctuations could cause you to lose part or all of your investment in shares of our common stock. Factors that could cause fluctuations include, but are not limited to, the following:

variations in our operating results, including variations due to changes in the price of crude oil or lubricating base oil;

announcements by us, our competitors or others of significant business developments, changes in customer relationships, acquisitions or expansion plans;

analysts' earnings estimates, ratings and research reports;

the depth and liquidity of the market for our common stock;

speculation in the press;

strategic actions by us or our competitors, such as sales promotions, acquisitions or construction of additional re-refining facilities;

actions by our large stockholders or by institutional and other stockholders;

conditions in the industrial and hazardous waste services industry as a whole and in the geographic markets served by our branches; and

domestic and international economic factors unrelated to our performance.

The stock markets, in general, periodically experience volatility that is sometimes unrelated to the operating performance of particular companies. These broad market fluctuations may cause the trading price of our common stock to decline.

***The small public float for our shares may make it difficult to sell your shares and may cause volatility in our stock price.***

A substantial portion of our shares of common stock are closely held by certain inside investors, and our common stock has experienced limited trading volume since our initial public offering. As of December 31, 2011, (i) Heritage beneficially owned 30.7% of our common stock, (ii) the Fehsenfeld Family Trusts, which are related to Heritage (the "Heritage trusts") owned 8.7% of our common stock, (iii) Fred Fehsenfeld, Jr., the Chairman of our Board and an affiliate of Heritage, beneficially owned 7.0% of our common stock, and (iv) collectively Heritage, the Heritage trusts, and our directors and executive officers beneficially owned 65.0% of our common stock. In addition, under a participation rights agreement between us and Heritage, Heritage has the right, except in limited circumstances, to purchase shares from us when we issue common stock so that its percentage ownership interest in our common stock does not decrease. Therefore, if Heritage purchases all of the shares reserved for sale to Heritage when we issue common stock, Heritage will maintain its ownership interests in our common stock. Consequently, our public float is expected to remain small for a public company, the availability of our shares may be limited, and you may encounter difficulty selling your shares or obtaining a suitable price at which to sell your shares. In addition, as a result of the small float, you could experience meaningful volatility in the trading price of our common stock.

***There may be future sales or issuances of our common stock, which will dilute the ownership interests of stockholders and may adversely affect the market price of our common stock.***

We may issue additional common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or substantially similar securities, which may result in dilution to our stockholders. In addition, our stockholders may be further diluted by future issuances under our equity incentive plans. As of December 31, 2011,



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(i) Heritage beneficially owned 30.7% of our common stock, (ii) the Heritage trusts owned 8.7% of our common stock, (iii) Fred Fehsenfeld, Jr., the Chairman of our Board and an affiliate of Heritage, beneficially owned 7.0% of our common stock, and (iv) collectively Heritage, the Heritage trusts, and our directors and executive officers beneficially owned 65.0% of our common stock. Sales of substantial amounts of common stock by us or our stockholders in the public market could adversely affect the market price of the common stock. The market price of our common stock could decline as a result of sales or issuances of a large number of our common stock or similar securities in the market after this offering or the perception that such sales or issuances could occur.

***If securities or industry analysts do not publish research or reports about our business or publish negative research, or our results are below analysts' estimates, our stock price and trading volume could decline.***

The trading market for our common stock may depend on the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our stock or our results are below analysts' estimates, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Due to the limited sell-side research coverage on our common stock, the ratings and reports published by any one sell-side analyst may have a greater impact on large institutional investors than analysts' reports and ratings on a more broadly covered stock.

***Heritage and Mr. Fehsenfeld have significant influence over our company, and their control could delay or deter a change of control or other business combination or otherwise cause us to take actions with which you may disagree.***

As of December 31, 2011, Heritage beneficially owned 30.7% of our outstanding common stock, the Heritage trusts owned 8.7% of our outstanding stock, and Fred Fehsenfeld, Jr., the Chairman of our Board and an affiliate of Heritage, owned an additional 7.0% of our outstanding common stock. As a result, Heritage and Mr. Fehsenfeld have significant influence over our decision to enter into any corporate transaction and with respect to any transaction that requires the approval of stockholders, regardless of whether other stockholders believe that the transaction is in their own best interests. Moreover, Heritage, the Heritage trusts, and our directors and executive officers collectively beneficially owned 65.0% of our common stock as of December 31, 2011. This concentration of voting power could have the effect of delaying, deterring or preventing a change of control or other business combination that might otherwise be beneficial to our stockholders.

***We are required to evaluate our internal controls over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 and any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and could have an adverse effect on our stock price.***

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we are required to furnish a report by our management on our internal controls over financial reporting. Such report contains, among other matters, an assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal year, including a statement as to whether or not our internal controls over financial reporting are effective. This assessment must include disclosure of any material weaknesses in our internal controls over financial reporting identified by management. Each year we must prepare or update the process documentation and perform the evaluation needed to comply with Section 404. During this process, if our management identifies one or more material weaknesses in our internal controls over financial reporting, we will be unable to assert such internal controls are effective. Ensuring that we have adequate internal financial and accounting controls and procedures in place is a costly and time-consuming effort that needs to be re-evaluated frequently. We and our independent

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auditors may in the future discover areas of our internal controls that need further attention and improvement, particularly with respect to any businesses that we decide to acquire in the future. Implementing any appropriate changes to our internal controls may require specific compliance training of our directors, officers, and employees, entail substantial costs in order to modify our existing accounting systems, and take a significant period of time to complete. Such changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and could harm our ability to operate our business. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. Investor perception that our internal controls are inadequate or that we are unable to produce accurate financial statements on a timely, consistent basis may adversely affect our stock price. Failure to comply with Section 404 could also potentially subject us to sanctions or investigations by the Securities and Exchange Commission, or SEC, NASDAQ, or other regulatory authorities.

***We do not currently intend to pay cash dividends on our common stock to our stockholders and any determination to pay cash dividends in the future will be at the discretion of our Board of Directors.***

We currently intend to retain any profits to provide capacity for general corporate uses and growth of our business. Our Board of Directors does not intend to declare cash dividends in the foreseeable future. Any determination to pay dividends to our stockholders in the future will be at the discretion of our Board of Directors and will depend on our results of operations, financial condition, and other factors deemed relevant by our Board of Directors. Consequently, it is uncertain when, if ever, we will declare dividends to our stockholders. If we do not pay dividends, investors will only obtain a return on their investment if the value of our shares of common stock appreciates. In addition, the terms of our existing or future borrowing arrangements may limit our ability to declare and pay dividends.

***Provisions in our amended and restated certificate of incorporation and bylaws and under Delaware law could prevent or delay transactions that stockholders may favor.***

Our company is incorporated in Delaware. Our amended and restated certificate of incorporation and bylaws, as well as Delaware corporate law, contain provisions that could delay or prevent a change of control or changes in our management that a stockholder might consider favorable, including a provision that authorizes our Board of Directors to issue preferred stock with such voting rights, dividend rates, liquidation, redemption, conversion, and other rights as our Board of Directors may fix and without further stockholder action. The issuance of preferred stock with voting rights could make it more difficult for a third party to acquire a majority of our outstanding voting stock. This could frustrate a change in the composition of our Board of Directors, which could result in entrenchment of current management. Takeover attempts generally include offering stockholders a premium for their stock. Therefore, preventing a takeover attempt may cause you to lose an opportunity to sell your shares at a premium. If a change of control or change in management is delayed or prevented, the market price of our common stock could decline.

Delaware law also prohibits a corporation from engaging in a business combination with any holder of 15% or more of its capital stock until the holder has held the stock for three years unless, among other possibilities, the Board of Directors approves the transaction. This provision may prevent changes in our management or corporate structure. Also, under applicable Delaware law, our Board of Directors is permitted to and may adopt additional anti-takeover measures in the future.

Our amended and restated certificate of incorporation provides that the affirmative vote of at least seventy-five percent (75%) of our total voting power is required to amend our certificate of incorporation or to approve mergers, consolidations, conversions, or the sale of all or substantially all

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of our assets. Given the voting power of Heritage, we would need the approval of Heritage for any of these transactions to occur.

Our bylaws provide for the division of our Board of Directors into three classes with staggered three year terms. The classification of our Board of Directors could have the effect of making it more difficult for a third party to acquire, or discourage a third party from attempting to acquire, control of us.

***We have not determined the amounts we plan to spend on any of the areas listed above or the timing of these expenditures.***

We intend to use the net proceeds of the offering to repay approximately \$12 million of our indebtedness under the revolving loan portion of our existing credit facility and the remaining amounts for general corporate purposes, which may include the addition of re-refining capacity via expansion of our existing re-refinery, construction of a new re-refinery or investments in existing re-refineries. We may also use a portion of the net proceeds to fund possible acquisitions. We have not determined the amounts we plan to spend on any of the areas listed above or the timing of these expenditures. The amounts and timing of the expenditures may vary significantly depending on numerous factors, such as the progress of our re-refinery, the obtainment of requisite permits to expand the capacity of our existing re-refinery, investment and acquisition opportunities in re-refineries and the overall operating results and trends of our business. As a result, our management will have broad discretion to allocate the net proceeds from this offering. Development of additional re-refining capacity may require adjustment to the capital expenditure limit in our existing credit facility and will require additional permits with governmental authorities. If we are unable to obtain a bank waiver to increase the amount of capital expenditures that we make, or we are unable to obtain the requisite permits, our ability to use the net proceeds from this offering as we would want could be adversely affected.

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**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The Securities and Exchange Commission (the "SEC") permits us to incorporate by reference the information we file with the SEC; therefore, we can disclose important information to you without actually including the specific information in this prospectus by referring you directly to those previously filed documents. The information incorporated by reference is an important part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference into this prospectus supplement the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent any information contained in such filings is deemed "furnished" in accordance with SEC rules. Such furnished information is not deemed filed under the Exchange Act and is not incorporated in this prospectus supplement.

Our Annual Report on Form 10-K for the year ended December 31, 2011 (filed with the SEC on February 29, 2012);

Our Definitive Proxy Statement for the 2011 Annual Meeting of Shareholders (filed with the SEC on March 27, 2012), as supplemented on April 18, 2012;

Our Current Report on Form 8-K filed with the SEC on January 6, 2012; and

The description of our Common Stock contained in our Registration Statement on Form 8-A as filed with the SEC on March 10, 2008, including any amendments thereto or any public disclosures that may update such description.

We will provide without charge to each person, including any beneficial owner, to whom a copy of this prospectus supplement has been delivered, upon the written or oral request of such person, a copy of any or all of the documents which have been incorporated in this prospectus by reference. Any such requests for copies should be directed to Corporate Secretary, at Heritage-Crystal Clean, Inc., 2175 Point Boulevard, Suite 375, Elgin, IL 60123, by phone to telephone number (847) 836-5670.



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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus, and the documents incorporated herein and therein contain forward-looking statements within the meaning of the federal securities laws that are based upon current management expectations. All statements other than statements of historical facts, including statements regarding our future financial position, economic performance and results of operations, as well as our business strategy, budgets, and projected costs and plans and objectives of management are forward-looking statements. Generally, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "project," "should," "will be," "will continue," "will likely result," "would" and similar expressions identify forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections, many of which are by their nature inherently uncertain and beyond our control and involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other important factors are further described under the heading "Risk Factors" and include, among others:

economic conditions including the recent recession and financial crisis; and downturns in the business cycles of automotive repair shops, industrial manufacturing businesses and small businesses in general;

increased solvent, fuel and energy costs and volatility in the price of crude oil, the selling price of lubricating base oil, solvent, fuel, energy, and commodity costs;

our ability to successfully operate our used oil re-refinery as anticipated and to cost-effectively collect or purchase used oil or generate the anticipated operating results;

further consolidation and/or declines in the United States automotive repair and manufacturing industries;

the impact of extensive environmental, health and safety and employment laws and regulations on our business;

legislative or regulatory requirements or changes adversely affecting our business;

competition in the industrial and hazardous waste services industries and from other used oil re-refineries;

claims and involuntary shutdowns relating to our handling of hazardous substances;

the value of our used solvents and oil inventory, which may fluctuate significantly;

our ability to expand our non-hazardous programs for parts cleaning;

our dependency on key employees;

our level of indebtedness, which could affect our ability to fulfill our obligations, impede the implementation of our strategy, and expose us to interest rate risk;

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our ability to effectively manage our extended network of branch locations; and

the control of The Heritage Group over our Company.

Forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in the forward-looking statements. You are urged to carefully review the disclosures we make concerning the risks, uncertainties and assumptions that may affect our business and operating results, including, but not limited to, the risks, uncertainties and assumptions set forth in this prospectus and in our most recent Annual Report on Form 10-K

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under the captions "Business," "Risk Factors," "Legal Proceedings" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and any of those made in our other reports filed with the SEC. Please consider our forward-looking statements in light of those risks, uncertainties and assumptions as you read this prospectus supplement and the accompanying prospectus. The future events, developments or results described in this prospectus supplement and the accompanying prospectus could turn out to be materially different. We have no obligation to publicly update or revise our forward-looking statements after the date of this prospectus supplement and you should not expect us to do so.

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We estimate that the net proceeds from the sale of shares of our common stock in this offering will be approximately \$56.8 million (or approximately \$65.4 million if the underwriters exercise their over-allotment option in full), based on the public offering price of \$20.50 per share, after deducting the underwriting discount and estimated offering expenses payable by us.

We intend to use the net proceeds of the offering to repay approximately \$12 million of our indebtedness under the revolving loan portion of our existing credit facility and the remaining amounts for general corporate purposes, which may include the addition of re-refining capacity via expansion of our existing re-refinery, construction of a new re-refinery or investments in existing re-refineries. The Company may also use a portion of the net proceeds to fund possible acquisitions. Development of additional re-refining capacity may require adjustment to the capital expenditure limit in our existing credit facility. We have been successful in obtaining these adjustments in the past. As of March 24, 2012, we had approximately \$12 million of indebtedness under the revolving loan portion of our credit facility, which expires on December 14, 2012, and has an annual interest rate of 3.5%, and \$20 million of indebtedness under our credit facility term loan, which expires on December 14, 2012, and has an annual interest rate of 2.74%.

Pending application of the net proceeds as described above, we intend to invest the net proceeds of the offering in money market funds and other interest-bearing investments.

**PRICE RANGE OF OUR COMMON STOCK**

Our common stock has traded on The NASDAQ Global Market (formerly known as The NASDAQ National Market) under the symbol "HCCI" since it began trading on March 12, 2008. The following table sets forth, for the time periods indicated, the high and low sales prices of our common stock as reported on The NASDAQ Global Market.

	High	Low
<b>Fiscal Year Ended January 1, 2011</b>		
Quarter ended March 27, 2010	\$ 12.39	\$ 8.19
Quarter ended June 19, 2010	\$ 12.05	\$ 7.51
Quarter ended September 11, 2010	\$ 9.95	\$ 7.51
Quarter ended January 1, 2011	\$ 10.95	\$ 9.27
<b>Fiscal Year Ended December 31, 2011</b>		
Quarter ended March 26, 2011	\$ 13.00	\$ 9.87
Quarter ended June 18, 2011	\$ 19.08	\$ 12.95
Quarter ended September 10, 2011	\$ 22.56	\$ 15.04
Quarter ended December 31, 2011	\$ 20.00	\$ 13.30
<b>Fiscal Year Ending December 29, 2012</b>		
Quarter ended March 24, 2012	\$ 22.64	\$ 16.24
Quarter ended June 16, 2012 (through April 19, 2012)	\$ 22.25	\$ 18.45

On April 19, 2012, the closing price of our common stock on The NASDAQ Global Market was \$21.34. As of April 13, 2012, there were 342 holders of record of the common stock. Several brokerage firms, banks, and other institutions ("nominees") are listed once on the stockholders of record listing. However, in most cases, the nominees' holdings represent blocks of our common stock held in brokerage accounts for a number of individual stockholders. As such, our actual number of stockholders would be higher than the number of registered stockholders of record.

Table of Contents**CAPITALIZATION**

The following table shows our capitalization as of December 31, 2011:

on an actual basis; and

on an as adjusted basis to reflect (1) the sale of 2,956,521 shares of our common stock in this offering by us (assuming the underwriters do not exercise their over-allotment option) at the public offering price of \$20.50 per share and (2) the repayment of approximately \$12 million of indebtedness incurred under our revolving credit facility after December 31, 2011, as described under "Use of Proceeds."

You should read the data set forth below in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and accompanying notes which are incorporated by reference in this prospectus supplement and accompanying prospectus.

	<b>As of December 31, 2011</b>	
	<b>Actual</b>	<b>As Adjusted(1)</b>
	<b>(Unaudited, in thousands, except per share amounts)</b>	
Cash and cash equivalents(2)	\$ 2,186	\$ 46,961
Total debt(2)	\$ 21,891	\$ 21,891
Stockholders' equity:		
Preferred stock, \$0.01 par value per share: 500,000 shares authorized; none issued and outstanding, as adjusted; none issued and outstanding		
Common stock, \$0.01 par value per share, 22,000,000 shares authorized actual and as adjusted, 14,448,331 issued and outstanding shares actual and 17,404,852 issued and outstanding shares as adjusted	\$ 144	\$ 174
Additional paid-in capital	\$ 73,065	\$ 129,810
Retained earnings	\$ 5,344	\$ 5,344
Total stockholders' equity	\$ 78,553	\$ 135,328
Total capitalization	\$ 100,444	\$ 157,219

(1)

If the underwriters' option to purchase additional shares is exercised in full:

an additional 443,479 shares would be issued and we would receive approximately \$8.6 million in additional net proceeds;

total stockholders' equity would increase by approximately \$8.6 million; and

total capitalization would increase by approximately \$8.6 million.

(2)

In the table above, the Cash and cash equivalents, as adjusted, amount reflects the use of a portion of the net proceeds from this offering to repay approximately \$12 million of additional indebtedness incurred under our revolving credit facility incurred after December 31, 2011.

Table of Contents**UNDERWRITING**

The underwriters named below have severally agreed, subject to the terms and conditions set forth in the underwriting agreement by and between us and William Blair & Company, L.L.C., as representative of the underwriters, to purchase from us the respective number of shares of common stock set forth opposite each underwriter's name in the table below. William Blair & Company, L.L.C. is acting as Sole Book-Running Manager and Robert W. Baird & Co. Incorporated and Needham & Company, LLC are acting as Co-Managers for this offering.

<b>Underwriter</b>	<b>Number of Shares</b>
William Blair & Company, L.L.C.	1,773,913
Robert W. Baird & Co. Incorporated	650,435
Needham & Company, LLC	532,173
<b>Total</b>	<b>2,956,521</b>

This offering will be underwritten on a firm commitment basis. In the underwriting agreement, the underwriters have agreed, subject to the terms and conditions set forth therein, to purchase the shares of common stock being sold pursuant to this prospectus supplement at a price per share equal to the public offering price less the underwriting discount specified on the cover page of this prospectus supplement. According to the terms of the underwriting agreement, the underwriters either will purchase all of the shares or none of them. In the event of default by any underwriter, in certain circumstances, the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

The representative of the underwriters has advised us that the underwriters propose to offer the common stock to the public initially at the public offering price set forth on the cover page of this prospectus supplement and to selected dealers at such price less a concession of not more than \$0.6765 per share. The underwriters may allow, and such dealers may re-allow, a concession not in excess of \$0.10 per share to certain other dealers. The underwriters will offer the shares subject to prior sale and subject to receipt and acceptance of the shares by the underwriters. The underwriters may reject any order to purchase shares in whole or in part. The underwriters expect that we will deliver the shares to the underwriters through the facilities of The Depository Trust Company in New York, New York on or about April 24, 2012. At that time, the underwriters will pay us for the shares in immediately available funds. After commencement of the public offering, the representative may change the public offering price and other selling terms.

We have granted the underwriters an option, exercisable within 30 days after the date of this prospectus supplement, to purchase up to an aggregate of 443,479 additional shares of common stock at the same price per share to be paid by the underwriters for the other shares offered. If the underwriters purchase any such additional shares pursuant to this option, each of the underwriters will be committed to purchase such additional shares in approximately the same proportion as set forth in the table above. The underwriters may exercise the option only for the purpose of covering excess sales, if any, made in connection with the distribution of the shares of common stock offered hereby. The underwriters will offer any additional shares that they purchase on the terms described in the preceding paragraph.

At our direction, the underwriters have reserved 1,354,087 shares for sale to Heritage, Fred Fehsenfeld, Jr., the Chairman of our Board, and certain related trusts of Mr. Fehsenfeld at the public offering price, representing the same percentage of shares being sold in this offering as Heritage, Mr. Fehsenfeld and such trusts currently hold in the aggregate of our outstanding common stock. In the event the underwriters exercise their option to purchase additional shares, Heritage, Mr. Fehsenfeld and the related trusts of Mr. Fehsenfeld will be offered 45.8% in the aggregate of the total number of

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shares for which the option is exercised. The shares being offered to Heritage are being offered pursuant to the participation rights agreement between us and Heritage which provides it the option to participate, pro rata based on its percentage ownership interest in our common stock, in any of our equity offerings for cash consideration. Purchases of the reserved shares by Heritage, Mr. Fehsenfeld or the related trusts would reduce the number of shares available for sale to the general public. If Heritage, Mr. Fehsenfeld and the related trusts purchase all of the shares reserved for sale to them, they will maintain their respective 45.8% aggregate ownership interests in our common stock. Heritage, Mr. Fehsenfeld and the related trusts have indicated that their intent as of the date of this prospectus supplement is to purchase a total of 487,805 shares in the offering. The underwriters will offer any reserved shares which are not so purchased to the general public on the same terms as the other shares being sold in this offering.

The following table summarizes the compensation to be paid by us to the underwriters. This information assumes either no exercise or full exercise by the underwriters of their over-allotment option: