

Edgar Filing: Heritage-Crystal Clean, Inc. - Form 10-K/A

Heritage-Crystal Clean, Inc.
Form 10-K/A
March 01, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934
For the fiscal year ended December 29, 2012
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 001-33987

HERITAGE-CRYSTAL CLEAN, INC.
(Exact name of registrant as specified in its charter)

Delaware	26-0351454
State or other jurisdiction of	(I.R.S. Employer
Incorporation	Identification No.)

2175 Point Boulevard
Suite 375
Elgin, IL 60123
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (847) 836-5670

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:	
Title of Class	Name of each exchange on which registered
Common Stock, \$0.01 par value	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the
Exchange Act. Yes o No x

Edgar Filing: Heritage-Crystal Clean, Inc. - Form 10-K/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter)

during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

On June 15, 2012 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the common stock of the registrant held by non-affiliates of the registrant was approximately \$163.0 million, based on the closing price of such common stock as of that date on the NASDAQ Global Select Market.

On February 15, 2013, there were outstanding 18,209,069 shares of Common Stock, \$0.01 par value, of Heritage-Crystal Clean, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement (the "Proxy Statement") for the 2013 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 29, 2012.

EXPLANATORY NOTE

Heritage-Crystal Clean, Inc. (the “Company”) hereby amends its Annual Report on Form 10-K for the fiscal year ended December 29, 2012, filed with the Securities and Exchange Commission on February 27, 2013 (the “10-K”), to amend Item 8 of the 10-K to remove the fourth line - “(Unaudited)” - from the headings to the Consolidated Balance Sheets, the Consolidated Statements of Income, the Consolidated Statement of Stockholders' Equity, and the Consolidated Statements of Cash Flows and to clearly identify the Financial Statements And Other Supplementary Data as Item 8 information. This amendment speaks as of the filing date of the original 10-K, does not reflect events that may have occurred after the original filing date and does not modify or update in any way disclosures made in the original 10-K, except as set forth in this amendment.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Heritage-Crystal Clean, Inc.

We have audited the accompanying consolidated balance sheets of Heritage-Crystal Clean, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 29, 2012 and December 31, 2011, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 29, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Heritage-Crystal Clean, Inc. and subsidiaries as of December 29, 2012 and December 31, 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 29, 2012 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 29, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 27, 2013 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

Chicago, Illinois
February 27, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Heritage-Crystal Clean, Inc.

We have audited the internal control over financial reporting of Heritage Crystal Clean, Inc.(a Delaware corporation) and subsidiaries (the "Company") as of December 29, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 29, 2012, based on criteria established in Internal Control-Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended December 29, 2012, and our report dated February 27, 2013 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

Chicago, Illinois
February 27, 2013

Heritage-Crystal Clean, Inc.
Consolidated Balance Sheets
(In Thousands, Except Share and Par Value Amounts)

	December 29, 2012	December 31, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	\$47,766	\$2,186
Accounts receivable - net	23,338	17,047
Inventory - net	27,231	21,260
Deferred income taxes	759	986
Income tax receivables - current	648	1,040
Other current assets	2,821	1,955
Total Current Assets	102,563	44,474
Property, plant and equipment - net	72,246	66,650
Equipment at customers - net	17,946	16,408
Software and intangible assets - net	4,555	4,469
Goodwill	1,801	1,801
Income tax receivables - noncurrent	—	254
Total Assets	\$199,111	\$134,056
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$16,509	\$21,266
Accrued salaries, wages, and benefits	2,544	2,930
Taxes payable	1,066	1,121
Current maturities of long-term debt and term loan	1,803	1,053
Other accrued expenses	2,512	2,562
Total Current Liabilities	24,434	28,932
Term loan, less current maturities	18,250	19,500
Long-term debt, less current maturities	828	1,338
Contingent consideration, less current portion	451	1,027
Deferred income taxes	5,757	4,706
Total Liabilities	49,720	55,503
STOCKHOLDERS' EQUITY:		
Common stock - 22,000,000 shares authorized at \$0.01 par value, 18,068,852 and 14,448,331 shares issued and outstanding at December 29, 2012 and December 31, 2011, respectively	\$181	\$144
Additional paid-in capital	141,612	73,065
Retained earnings	7,598	5,344
Total Stockholders' Equity	149,391	78,553
Total Liabilities and Stockholders' Equity	\$199,111	\$134,056

See accompanying notes to financial statements.

Heritage-Crystal Clean, Inc.
Consolidated Statements of Income
(In Thousands, Except per Share Amounts)

	For the Fiscal Years Ended,		January 1,
	December 29, 2012	December 31, 2011	2011
Revenues			
Product revenues	\$ 119,470	\$ 39,149	\$ 13,796
Service revenues	133,021	113,709	98,322
Total revenues	\$ 252,491	\$ 152,858	\$ 112,118
Operating expenses			
Operating costs	213,568	124,000	83,773
Selling, general, and administrative expenses	26,194	20,715	18,035
Depreciation and amortization	8,141	5,657	4,629
Other expense (income) - net	6	(10	) 39
Operating income	4,582	2,496	5,642
Interest expense – net	585	37	—
Income before income taxes	3,997	2,459	5,642
Provision for income taxes	1,743	985	2,371
Net income	\$ 2,254	\$ 1,474	\$ 3,271
Net income per share: basic	\$ 0.13	\$ 0.10	\$ 0.26
Net income per share: diluted	\$ 0.13	\$ 0.10	\$ 0.26
Number of weighted average shares outstanding: basic	16,921	14,313	12,645
Number of weighted average shares outstanding: diluted	17,363	14,710	12,704

See accompanying notes to financial statements.

Heritage-Crystal Clean, Inc.
Consolidated Statement of Stockholders' Equity
(In Thousands, Except Share Amounts)

	Shares	Par Value Common	Paid-in Capital	Retained Earnings	Total
Balance, January 2, 2010	10,708,471	\$ 107	\$43,219	\$ 599	\$43,925
Net income	—	\$—	\$—	\$3,271	\$3,271
Issuance of common stock – net of issuance costs	3,450,000	\$35	\$25,488	\$—	\$25,523
Issuance of common stock – ESPP	23,188	\$—	\$213	\$—	\$213
Share-based compensation	38,662	\$—	\$612	\$—	\$612
Balance, January 1, 2011	14,220,321	\$ 142	\$69,532	\$3,870	\$73,544
Net income	—	\$—	\$—	\$1,474	\$1,474
Issuance of common stock – Warrior acquisition	64,516	\$ 1	\$799	\$—	\$800
Issuance of common stock – ESPP	18,685	\$—	\$274	\$—	\$274
Exercise of stock options	118,317	\$ 1	\$1,400	\$—	\$1,401
Share-based compensation	26,492	\$—	\$1,060	\$—	\$1,060
Balance, December 31, 2011	14,448,331	\$ 144	\$73,065	\$5,344	\$78,553
Net income	—	—	—	2,254	2,254
Issuance of common stock – net of issuance costs	3,400,000	34	65,448	—	65,482
Issuance of common stock – ESPP	25,561	—	449	—	449
Exercise of stock options	142,289	2	1,585	—	1,587
Share-based compensation	52,671	1	1,065	—	1,066
Balance, December 29, 2012	18,068,852	\$ 181	\$141,612	\$7,598	\$149,391

See accompanying notes to financial statements.

Heritage-Crystal Clean, Inc.
Consolidated Statements of Cash Flows
(In Thousands)

	For the Fiscal Years Ended,		
	December 29, 2012	December 31, 2011	January 1, 2011
Cash flows from Operating Activities:			
Net income	\$2,254	\$1,474	\$3,271
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,141	5,657	4,629
Bad debt provision	1,122	493	767
Share-based compensation	1,066	1,060	612
Deferred rent	38	45	37
Non-cash interest expense	44	41	—
Net loss on disposal of fixed assets	42	—	—
Deferred taxes	1,278	2,775	804
Changes in operating assets and liabilities:			
Increase in accounts receivable	(7,413	) (3,984	) (2,304
Decrease (increase) in income tax receivables	646	(1,267	) 353
Increase in inventory	(5,970	) (9,327	) (1,802
(Increase) decrease in prepaid and other current assets	(866	) 199	(184
Increase in accounts payable	2,894	5,999	2,002
(Decrease) increase in accrued expenses	(631	) 1,738	(285
Cash provided by operating activities	2,645	4,903	7,900
Cash flows from Investing Activities:			
Capital expenditures	(22,351	) (42,849	) (12,736
Software and intangible asset expenditures	(835	) (514	) (232
Proceeds from the sale of property, plant, and equipment	130	—	—
Business acquisitions, net of cash acquired	—	(2,252	) —
Cash used in investing activities	(23,056	) (45,615	) (12,968
Cash flows from Financing Activities:			
Proceeds from issuance of common stock	65,932	274	25,735
Proceeds from the exercise of stock options	1,587	1,401	—
Repayments of contingent consideration	(475	) —	—
Repayments of Term Loan	(500	) —	—
Proceeds from Term Loan	—	20,000	—
Borrowings under revolving credit facility	28,180	—	—
Repayments of revolving credit facility	(28,180	) —	—
Repayments of notes payable	(553	) (534	) —
Cash provided by financing activities	65,991	21,141	25,735
Net increase (decrease) in cash and cash equivalents	45,580	(19,571	) 20,667
Cash and cash equivalents, beginning of period	2,186	21,757	1,090
Cash and cash equivalents, end of period	\$47,766	\$2,186	\$21,757

Supplemental disclosure of cash flow information:

Edgar Filing: Heritage-Crystal Clean, Inc. - Form 10-K/A

Income taxes paid	284	310	1,835
Cash paid for interest, net of capitalized interest of \$104, \$223, and \$0, respectively	549	—	—
Supplemental disclosure of non-cash information:			
Payables for construction in progress	451	8,602	3,394
Business acquisitions, liabilities assumed	—	15	—
Business acquisitions, notes issued	—	2,384	—
Business acquisitions, common stock issued	—	800	—
See accompanying notes to financial statements.			

HERITAGE-CRYSTAL CLEAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 29, 2012

(1) ORGANIZATION AND NATURE OF OPERATIONS

Heritage-Crystal Clean, Inc., a Delaware corporation and its subsidiary (collectively the "Company"), provides parts cleaning and hazardous and non-hazardous waste services to small and mid-sized customers in both the manufacturing and vehicle service sectors. The Company's service programs include parts cleaning, containerized waste management, used oil collection, re-refining, and vacuum truck services. The Company's locations are in the United States. The Company conducts its primary business operations through Heritage-Crystal Clean, LLC, its wholly owned subsidiary, and all intercompany balances have been eliminated in consolidation.

The Company's fiscal year ends on the Saturday closest to December 31. The most recent fiscal year ended on December 29, 2012. Each of the Company's first three fiscal quarters consists of twelve weeks while the last fiscal quarter consists of sixteen or seventeen weeks.

In the Company's Environmental Services segment, product revenues include sales of solvent, machines, and accessories to customers, and service revenues include drum waste removal services, servicing of parts cleaning machines, vacuum truck services, and other services. In the Company's Oil Business segment, product revenues include sales of re-refined base oil, byproducts, and used oil, and service revenues include revenues from collecting and disposing of waste water. Due to the Company's integrated business model, it is impracticable to separately present costs of tangible products and costs of services.

In the second quarter of fiscal 2012, the Company raised net proceeds, after offering costs, of approximately \$65.5 million in a follow-on public offering of common stock. Further details regarding this transaction can be found in Footnote 15, "Stockholders' Equity."

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires the use of certain estimates by management in determining the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Significant items subject to such estimates and assumptions are the allowance for doubtful accounts receivable, valuation of inventory at lower of cost or market, valuation of goodwill and other intangible assets, and income taxes. Actual results could differ from those estimates.

Revenue Recognition

The Company derives its sales primarily from the services it performs and from the sale of processed oil from its used oil re-refinery. Parts cleaning and other service revenues are recognized as the service is performed. Product sales are recognized at the time risk of loss passes to the customer. The risk of loss passes to customers at various times depending on the particular terms of the sales contract in force with each individual customer. Common thresholds for when risk of loss passes to the customer are at the time that product is loaded onto the shipping vessel or at the time that product is offloaded at the customer's receiving location. Sales are recognized only if collection of the relevant receivable is probable, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable.

Sales Tax

Amounts billed for sales tax, value added tax, or other transactional taxes imposed on revenue producing transactions are presented on a net basis and are not recognized as revenue.

Operating Costs

Within operating costs are cost of sales. Cost of sales in the Environmental Services segment includes the costs of the materials the Company sells and provides in its services, such as solvent and other chemicals, cleaning machines sold to customers, transportation of inventory and waste, and payments to third parties to recycle or dispose of the waste materials that

the Company collects. The Company's used solvent that it retrieves from customers in its product reuse program is accounted for as a reduction in net cost of solvent under cost of sales, whether placed in inventory or sold to a purchaser for reuse. If the used solvent is placed in inventory it is recorded at lower of cost or net realizable value. Cost of sales in the Oil Business include the costs paid to customers for used oil, transportation, and costs to operate the used oil re-refinery, including personnel costs and utilities.

Operating costs also include the Company's costs of operating its branch system and hubs. These costs include personnel costs (including commissions), facility rent and utilities, and truck leases, fuel, and maintenance. Operating costs are not presented separately for products and services.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses include costs of performing centralized business functions, including sales management at or above the regional level, billing, receivables management, accounting and finance, information technology, environmental health and safety, and legal.

Cash and Cash Equivalents

The Company considers investments in highly liquid debt instruments, purchased with an original maturity of ninety days or less, to be cash equivalents.

Concentration Risk

When available, the Company maintains its cash in bank deposit accounts, which were fully insured by the Federal Deposit Insurance Corporation (FDIC) as of December 29, 2012. The Company has a broad customer base and believes it is not exposed to any significant concentration of credit risk.

Accounts Receivable

Trade accounts receivable represent amounts due from customers. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on analysis of customer credit worthiness, historical losses, and general economic trends and conditions. Accounts receivable are written off once the Company determines the account uncollectible. The Company does not have any off-balance-sheet credit exposure related to its customers.

Inventory

Inventory consists primarily of used oil, processed oil, catalyst, new and used solvents, new and refurbished parts cleaning machines, drums, accessories, and absorbents. Inventories are valued at the lower of first-in, first-out (FIFO) cost or market, net of any reserves for excess, obsolete, or unsalable inventory.

Processed oil inventory consists of the costs of feedstock, transportation, labor, conversion costs, and re-refining overhead costs incurred in bringing the inventory to its existing condition and location. Fixed production overhead costs are capitalized in processed oil inventory based on the normal capacity of the production facility. In periods of abnormal production levels, excess overhead costs are recognized as expense in the period they are incurred.

The Company continually monitors its inventory levels at each of our distribution locations and evaluate inventories for excess or slow-moving items. If circumstances indicate the cost of inventories exceed their recoverable value, inventories are reduced to net realizable value.

Prepaid and Other Current Assets

Prepaid and other current assets include insurance and vehicle license contract costs, which are expensed over the term of the underlying contract.

Property, Plant and Equipment

Property, plant, and equipment are stated at cost. Expenditures for major renewals and betterments are capitalized, while expenditures for repair and maintenance charges are expensed as incurred.

Depreciation of property, plant, and equipment is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of buildings and storage tanks range from 10 to 39 years. The estimated useful lives of machinery, vehicles, and equipment range from 3 to 25 years. Leasehold improvements are amortized over the shorter of the lease terms or five years using the straight-line method.

The Company capitalizes interest on borrowings during the active construction period of major capital projects. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets. The interest rate used to capitalize interest is based upon the borrowing rate on the Company's bank note payable. In fiscal 2012 and 2011, the Company capitalized interest of \$0.1 million and \$0.2 million, respectively, for capital projects. For fiscal year 2010 no interest costs were capitalized.

Equipment at Customers

The Company records purchases of new parts cleaning machines as Inventory. Parts cleaning machines are either sold to a customer or continue to be owned by the Company but placed offsite at a customer location to be used in parts cleaning services. When sold to a customer, machines are removed from inventory, and the appropriate revenue and cost is recognized in the Income Statement. When the Company retains title to a machine that is placed off-site at a customer location to be used in parts cleaning services, the Company capitalizes the machine as a productive non-current asset under the Balance Sheet caption "Equipment At Customers" at the time the machine is placed at the customer's site. Machines capitalized as "Equipment At Customers" are depreciated over their estimated useful life of 10 or 15 years, depending on the model. Expenditures for machines that are sold to a customer are treated as a cash outflow from operating activities on the Statement of Cash Flows. Expenditures for machines that are placed at a customer's site to be used in parts cleaning services are treated as a cash outflow from investing activities.

Equipment at customers includes the costs of equipment at customer locations under annual service agreements. Depreciation of in-service equipment commences when equipment is placed in service at a customer location. The estimated useful life of in-service equipment is 10 or 15 years.

Acquisitions

The Company accounts for acquired businesses using the purchase method of accounting, which requires that the assets acquired, liabilities assumed, and contingent consideration be recorded at the date of acquisition at their respective fair values. It further requires that acquisition-related costs be recognized separately from the acquisition and expensed as incurred and restructuring costs to be expensed in periods subsequent to the acquisition date. The Company records a preliminary purchase price allocation for its acquisitions and finalizes purchase price allocations as additional information relative to the fair values of the assets acquired becomes known.

Identifiable Intangible Assets

The fair value of identifiable intangible assets is based on significant judgments made by management. The Company may engage third party valuation appraisal firms to assist the Company in determining the fair values and useful lives of the assets acquired. Such valuations and useful life determinations require the Company to make significant estimates and assumptions. These estimates and assumptions are based on historical experience and information obtained from the management of the acquired companies and also include, but are not limited to, future expected cash flows to be earned from the continued operation of the acquired business and discount rates applied in determining the present value of those cash flows. Unanticipated events and circumstances may occur that could affect the accuracy or validity of such assumptions, estimates, or actual results. Acquisition-related finite lived intangible assets are amortized on a straight-line basis over their estimated economic lives. The Company evaluates the estimated

benefit periods and recoverability of its intangible assets when facts and circumstances indicate that the lives may not be appropriate and/or the carrying value of the asset may not be recoverable. If the carrying value is not recoverable, impairment is measured as the amount by which the carrying value exceeds its estimated fair value.

Amortization expense was \$0.7 million, \$0.6 million, and \$0.5 million for fiscal years 2012, 2011, and 2010, respectively. The weighted average useful lives of software, patents, non-competes and other intangibles was 9 years, 15 years, 5 years and 9 years, respectively.

The expected amortization expense for fiscal years 2013, 2014, 2015, 2016, and 2017 is \$0.6 million, \$0.5 million, \$0.4 million, \$0.4 million, and \$0.3 million, respectively. The preceding expected amortization expense is an estimate. Actual

amounts of amortization expense may differ from estimated amounts due to additional intangible asset acquisitions, disposal of intangible assets, accelerated amortization of intangible assets, and other events.

Software Costs

The Company expenses costs incurred in the research stage of developing or acquiring internal use software, such as research and feasibility studies, as well as costs incurred in the post-implementation/operational stage, such as maintenance and training. Capitalization of software costs occurs only after the research stage is complete and after the development stage begins. The capitalized costs are amortized on a straight-line basis over the estimated useful life of the software, ranging from 5 to 10 years.

Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment and intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized as the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and would no longer be depreciated. No triggering events occurred that would indicate potential impairment during the periods presented.

Income Taxes

The Company accounts for income taxes to recognize the amount of taxes payable or refundable for the current year and the amount of deferred tax assets and liabilities resulting from the future tax consequences of differences between the financial statements and tax basis of the respective assets and liabilities. The Company estimates and reserves for any material uncertain tax position that is unlikely to withstand an audit by the taxing authorities. These estimates are based on judgments made with currently available information. The Company reviews these estimates and makes changes to recorded amounts of any uncertain tax positions as facts and circumstances warrant. For additional information about income taxes, see Note 13.

Shipping Costs

For all periods presented, amounts billed to customers related to shipping and handling are classified as revenue, and the Company's shipping and handling costs are included in operating costs.

Research and Development

Research and development costs are expensed as incurred within general, selling, and administrative expenses. Such costs incurred during fiscal 2010 were \$0.1 million. For fiscal year 2011 and 2012, research and development costs were less than \$0.1 million.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$0.5 million for each of fiscal 2012, 2011, and 2010.

Share-Based Compensation

The Company recognizes stock based compensation expense based on estimated grant date fair value of the awards. The Company estimates the fair value of stock options granted using the Black-Scholes-Merton option-pricing model and a single option award approach. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards. The following assumptions were used in the Black-Scholes-Merton option pricing model for the options issued in fiscal 2009 and 2008:

Expected Term -The Company's expected term represents the period that the Company's stock-based awards are expected to be outstanding;

Expected Volatility -Due to the Company's limited trading history; the average volatility estimate used was determined by using a composite group of peer companies;

Expected Dividend -The Black-Scholes-Merton valuation model calls for a single expected dividend yield as an input. The Company currently pays no dividends and does not expect to pay dividends in the foreseeable future;

Risk-Free Interest Rate -The Company bases the risk-free interest rate on the implied yield currently available on United States Treasury zero-coupon issues with an equivalent remaining term.

The Company values restricted stock as of the closing stock price on the measurement date and then amortizes the expense on a straight-line basis over the requisite service period.

When a future restricted grant is approved, the Company evaluates the probability that the awards will be granted, based on certain performance conditions. If the performance criteria are deemed probable, the Company accrues compensation expense related to these awards prior to the grant date. The Company accrues compensation expense based on the fair value of the performance awards at each reporting period when the performance criteria are deemed probable. Once the performance awards have been granted, the Company values the awards at the fair value on the date of grant and amortizes the expense through the end of the vesting period. See Note 14 "Share-Based Compensation" for more details.

Fair Value of Financial Instruments

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. These tiers include: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, model-based valuation techniques for which all significant assumptions are observable in the market, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data.

The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables, trade payables, notes payable, contingent consideration, and term debt. As of December 29, 2012 and December 31, 2011, the carrying values of cash and cash equivalents, trade receivables, trade payables, notes payable, and contingent consideration, are considered to be representative of their respective fair values due to the short maturity of these instruments. Term debt is representative of its fair value due to the interest rates being applied.

Insurance and Self-Insurance Policy

The Company purchases insurance providing financial protection from a range of risks; as of the end of fiscal 2012, the Company's insurance policies provided coverage for general liability, vehicle liability, and pollution liability, among other exposures. Each of these policies contains exclusions and limitations such that they would not cover all related exposures and each of these policies have maximum coverage limits and deductibles such that even in the event of an insured claim, the Company's net exposure could still have a material adverse effect on its financial results.

The Company is self-insured for certain healthcare benefits provided to its employees. The liability for the self-insured benefits is limited by the purchase of stop-loss insurance. The stop-loss coverage provides payment for medical and prescription claims exceeding \$75,000 per covered person, as well as an aggregate, cumulative claims cap, for any given year. Accruals for losses are made based on the Company's claim experience and actuarial estimates based on historical data. Actual losses may differ from accrued amounts. At December 29, 2012 and

December 31, 2011, the Company's liability for its self-insured benefits was \$0.7 million and \$0.6 million, respectively. Should actual losses exceed the amounts expected and the recorded liabilities be insufficient, an additional expense will be recorded. Expenses incurred for healthcare benefits in fiscal 2012, 2011, and 2010 were \$6.0 million, \$4.0 million, and \$3.2 million, respectively.

Goodwill

Goodwill is measured as a residual amount as of the acquisition date, which in most cases results in measuring goodwill as an excess of the purchase consideration transferred plus the fair value of any noncontrolling interest in the acquiree over the fair value of the net assets acquired, including any contingent consideration. The Company tests goodwill for impairment annually in the fourth quarter and in interim periods if changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. The Company's determination of fair value requires certain assumptions and estimates, such as margin expectations, growth expectations, expected changes in working capital, etc., regarding future profitability and cash flows of

acquired businesses and market conditions. In the fourth quarter of fiscal 2012, the Company tested goodwill for impairment and determined goodwill not to be impaired. However, due to the inherent uncertainties associated with using these assumptions, impairment charges could occur in future periods.

The change in the carrying amount of goodwill by segment from January 1, 2011 to December 29, 2012 is as follows (in thousands):

	Oil Business	Environmental Services	Total
Balance at January 1, 2011	\$—	\$—	\$—
Warrior Acquisition	1,174	—	1,174
Crystal Flash Acquisition	627	—	627
Balance at December 31, 2011	\$1,801	\$—	\$1,801
Fiscal Year 2012 Activity	—	—	—
Balance at December 29, 2012	\$1,801	\$—	\$1,801

(3) BUSINESS COMBINATIONS

On February 23, 2011, the Company acquired certain assets and liabilities of Warrior Oil Service, Inc., JBS Oil, Inc., C&J Recovery, LLC, and affiliates, a group of related companies (collectively, "Warrior Group") in exchange for \$0.9 million in cash, \$0.8 million of the Company's common stock, and \$2.6 million in subordinated notes with maturity dates of February 1, 2014 and November 1, 2015. The Company recorded the purchase price allocation of \$2.0 million to property, plant and equipment, \$1.2 million to goodwill, \$0.8 million to intangible assets, and \$0.1 million to inventory for a total of \$4.1 million. The difference between the consideration of \$4.3 million and the allocation of \$4.1 million is due to the non-interest bearing promissory notes being recorded at their net present value which is \$0.2 million less than the face value of the notes. The Company recorded expense of less than \$0.1 million in transaction costs in fiscal 2011 related to this acquisition. The Company acquired the Warrior Group to add used oil collection volume primarily in the states of Indiana, Illinois, and Kentucky.

On December 1, 2011, the Company acquired certain assets of Crystal Flash Limited Partnership of Michigan ("Crystal Flash") in exchange for \$1.7 million in cash at the time of closing and \$2.1 million in future payments which will be tied to the continued performance of the acquired assets. The Company recorded the future payments at their net present value of \$1.6 million. The purchase price allocation resulted in \$1.1 million allocated to intangible assets, \$0.9 million to property, plant, and equipment, \$0.6 million to goodwill, \$0.4 million to accounts receivable, and \$0.3 million to inventory. The Company acquired Crystal Flash to add used oil collection volume in Michigan.

The operating results of the acquisitions are included in the Company's consolidated results of operations and also in the Oil Business segment from the date of acquisition. In addition, the Company has allocated the assets acquired, including goodwill, to the Oil Business segment for both the Warrior and Crystal Flash acquisitions. The Company has concluded that the operating results of the acquisitions are not material to the Company's consolidated results of operations and therefore has not included pro forma financial information regarding the acquisitions.

(4) ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following (in thousands):

December 29, 2012	December 31, 2011
----------------------	----------------------

Edgar Filing: Heritage-Crystal Clean, Inc. - Form 10-K/A

Trade	\$24,026	\$16,988	
Less allowance for doubtful accounts	(1,244	) (698	)
Trade - net	22,782	16,290	
Related parties	410	197	
Other	146	560	
Total accounts receivable - net	\$23,338	\$17,047	

15

The following table provides the changes in the Company's allowance for doubtful accounts for the fiscal year ended December 29, 2012 and the fiscal year ended December 31, 2011 (in thousands):

	December 29, 2012	December 31, 2011
Balance at beginning of period	\$698	\$647
Provision for bad debts	1,122	493
Accounts written off, net of recoveries	(576)	) (442)
Balance at end of period	\$1,244	\$698

(5) INVENTORY

The carrying value of inventory consisted of the following (in thousands):

	December 29, 2012	December 31, 2011
Oil	\$11,549	\$8,009
Solvents	10,076	7,906
Machines	2,470	2,658
Drums	1,859	1,440
Accessories	1,518	1,406
Total inventory	27,472	21,419
Less: Machine refurbishing reserve	(241)	) (159)
Total inventory - net	\$27,231	\$21,260

Inventory consists primarily of used oil, processed oil, catalyst, new and used solvents, new and refurbished parts cleaning machines, drums, accessories, and absorbents. Inventories are valued at the lower of first-in, first-out (FIFO) cost or market, net of any reserves for excess, obsolete, or unsalable inventory. The Company continually monitors its inventory levels at each of its locations and evaluates inventories for excess or slow-moving items. If circumstances indicate the cost of inventories exceed their recoverable value, inventories are reduced to net realizable value.

The following table provides the changes in the Company's machine refurbishing reserve related to inventory for the fiscal years ended 2012 and 2011 (in thousands):

	Fiscal Year 2012	Fiscal Year 2011
Balance at beginning of period	\$159	\$185
Net change in reserve	82	(26)
Balance at end of period	\$241	\$159

(6) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in thousands):

	December 29, 2012	December 31, 2011
Buildings and storage tanks	\$45,813	\$26,306
Machinery, vehicles and equipment	30,040	21,253
Leasehold improvements	3,180	1,755
Land	414	677
Construction in progress	4,658	25,309
Total property, plant and equipment	84,105	75,300
Less accumulated depreciation	(11,859	) (8,650
Property, plant and equipment - net	\$72,246	\$66,650

	December 29, 2012	December 31, 2011
Equipment at customers	\$41,884	\$36,803
Less accumulated depreciation	(23,938	) (20,395
Equipment at customers - net	\$17,946	\$16,408

(7) ACCOUNTS PAYABLE

Accounts payable consisted of the following (in thousands):

	December 29, 2012	December 31, 2011
Accounts payable	\$16,202	\$20,678
Accounts payable - related parties	307	588
Total accounts payable	\$16,509	\$21,266

(8) DEBT AND FINANCING ARRANGEMENTS

Bank Credit Facility

The Company's secured bank credit facility as of December 29, 2012 allowed for up to \$39.5 million in borrowings. As of December 29, 2012 and December 31, 2011, the Company's total borrowings were \$19.5 million and \$20.0 million, under the term loan having a maturity date of March 15, 2016. The remaining portion of the credit facility was a revolving loan which was to expire on February 28, 2013 under which up to an additional \$20.0 million was available. There were no amounts outstanding under the revolver at December 29, 2012 and December 31, 2011. The agreement was amended and restated on February 5, 2013 as described below.

During 2012, the Company recorded interest of \$0.6 million on both the term loan and revolving credit facility, of which \$0.1 million was capitalized for various capital projects.

Under the terms of the credit facility at December 29, 2012, interest is payable monthly at the prime rate plus 25 basis points, unless the total leverage ratio is greater than or equal to 2.75 to 1, in which case the rate would be the prime rate plus 50 basis points. The Company also had the option to lock in a portion of its borrowing at the prevailing LIBOR rate plus a variable margin of between 2.0% and 3.0% depending on the Company's leverage ratio. The allowed total leverage ratio is on a graduated scale that allows for maximum total leverage ratios from 3.25 to 1 to 4.0 to 1. The credit facility also included an excess cash flow provision that required additional principal payments on the

term loan if the excess earnings before interest, taxes, depreciation and amortization ("EBITDA") for the fiscal year exceeded the formula rate set forth in the credit facility. As of December 29, 2012, amounts borrowed under the credit facility were secured by substantially all of the Company's tangible and intangible assets. The Company's weighted average interest rate as of December 29, 2012 was 2.75%. The Company's effective interest rate as of December 29, 2012 was 2.88%.

On February 5, 2013, the Company entered into an Amended and Restated Credit Agreement ("Credit Agreement"). The Credit Agreement provides for borrowings of up to \$40.0 million, with an accordion feature that provides for additional borrowings of up to \$60.0 million for a total of up to \$100.0 million available under the Credit Agreement, subject to the satisfaction of certain terms and conditions. As of February 5, 2013, under the Credit Agreement, \$20.0 million was outstanding as a Term A loan having a maturity date of February 5, 2018, and up to \$20.0 million was available as a revolving loan. The actual amount available under the revolving loan portion of the Credit Agreement is limited by the Company's total leverage ratio. Based on the Company's total leverage ratio at December 29, 2012, \$20.0 million is available for borrowing under the revolving portion of the loan. The amount available to draw at any point in time would be further reduced by any standby letters of credit issued.

Loans made under the Credit Agreement may be Base Rate Loans or LIBOR Rate Loans, at the election of the Company subject to certain exceptions. Base Rate Loans have an interest rate equal to (i) the higher of (a) the federal funds rate plus 0.5%, (b) the British Bankers Association LIBOR rate plus 1%, or (c) the Lender's prime rate, plus (ii) a variable margin of between 0.75% and 1.75% depending on the Company's total leverage ratio, calculated on a consolidated basis. LIBOR rate loans have an interest rate equal to the (i) British Bankers Association LIBOR Rate plus (ii) a variable margin of between 1.75% and 2.75% depending on the Company's total leverage ratio. Amounts borrowed under the Credit Agreement are secured by a security interest in substantially all of the Company's tangible and intangible assets.

The Credit Agreement requires the Company to consult with the bank on certain acquisitions and includes a prohibition on the payment of dividends. It also contains a number of financial covenants that are based on EBITDA for the trailing fiscal year, including a maximum total leverage ratio of 3.25 through fiscal 2013, and a minimum interest coverage ratio of 3.5. In addition, it limits capital expenditures each fiscal year to 1.5 times depreciation and amortization expense, with the certain exceptions for expanding the Company's used oil re-refining capacity

As of December 29, 2012 and December 31, 2011, the Company was in compliance with all covenants under the credit facility then in effect. As of December 29, 2012, and December 31, 2011, the Company had \$0.3 million and \$0.3 million of standby letters of credit issued, respectively, and \$19.7 million and \$11.4 million was available for borrowing under the then effective bank credit facility, respectively.

In the second quarter of fiscal 2012 the Company raised net proceeds of approximately \$65.5 million in a follow-on public offering of common stock and paid off the outstanding balance of its revolving credit facility of approximately \$12.4 million.

Notes Payable

At December 29, 2012 and December 31, 2011, the Company has outstanding notes payable related to the Warrior Acquisition of approximately \$1.4 million and \$1.9 million, of which \$0.6 million and \$0.5 million, respectively, were recorded as current maturities.

Future Maturities

The aggregate contractual annual maturities for debt as of December 29, 2012, are as follows (in thousands):

Fiscal Year:	Notes Payable	Term Loan	Total
2013	\$553	\$1,250	\$1,803
2014	483	1,875	2,358
2015	460	1,875	2,335

Edgar Filing: Heritage-Crystal Clean, Inc. - Form 10-K/A

2016	—	14,500	14,500	
2017	—	—	—	
Thereafter	—	—	—	
Total debt	1,496	19,500	20,996	
Less: Unamortized discount	(115	) —	(115	)
Net debt	\$1,381	\$19,500	\$20,881	

(9) EMPLOYEE BENEFIT PLAN

The Company offers a defined contribution benefit plan for its employees. All regular employees who have completed at least one hour of service are eligible to participate in the plan. Participants are allowed to contribute 1% to 70% of their pre-tax earnings to the plan. The Company matches 100% of the first 3% contributed by the participant and 50% of the next 2% contributed by the participant for a maximum contribution of 4% per participant. The Company's matching contribution was \$1.0 million, \$0.8 million, and \$0.6 million in fiscal 2012, 2011, and 2010, respectively. In fiscal 2011 the Company eliminated the profit-sharing component of the plan. No profit-sharing contributions pursuant to this plan were declared or paid in fiscal 2010 or 2011.

(10) RELATED PARTY AND AFFILIATE TRANSACTIONS

During fiscal 2012, 2011, and 2010, the Company had transactions with affiliates and other related parties. The following table sets forth related-party transactions (in thousands):

	Fiscal 2012		Fiscal 2011		Fiscal 2010	
	Revenues	Expenses	Revenues	Expenses	Revenues	Expenses
Heritage Group affiliates	\$7,662	\$4,876	\$2,105	\$2,259	\$1,696	\$1,917
Other related parties / affiliates	5,829	3,926	33	2,558	4	1,584
Total	\$13,491	\$8,802	\$2,138	\$4,817	\$1,700	\$3,501

Revenues from related parties and affiliates are for sales of products and services performed by the Company. The increase in related party revenues from fiscal 2011 to fiscal 2012 was a result of increased revenues of products from the Company's used oil re-refinery to affiliated oil companies. Revenues from related parties for fiscal 2011 and fiscal 2010 have been adjusted to include a related party customer that was inadvertently excluded from reporting in prior years.

As of December 29, 2012, the Heritage Group beneficially owned 26.3% of the Company's common stock, the Fehsenfeld Family Trusts, which are related to the Heritage Group owned 7.9% of the Company's common stock, and Fred Fehsenfeld, Jr., the Chairman of the Board and an affiliate of the Heritage Group, beneficially owned 5.6% of the Company's common stock. Companies affiliated with the Heritage Group are listed as affiliates.

On December 1, 2011, the Company acquired certain assets of Crystal Flash in exchange for \$1.7 million in cash at the time of closing and \$2.1 million in future payments which will be tied to the continued performance of the acquired business and were recorded at their net present value, which was \$1.6 million. As of December 29, 2012, the net present value of the future payments was \$1.1 million. Crystal Flash was considered a related party prior to the acquisition. See Note 3, "Business Combinations." In fiscal 2012, the Company made payments of \$0.5 million related to the contingent consideration from the acquisition.

Payments to related parties and affiliates include solvent purchases, insurance premiums, disposal services, transportation, and various administration services.

The Company participates in a self-insurance program for workers' compensation with a shareholder and several related companies. In connection with this program, payments are made to the shareholder. Expenses paid in fiscal 2012, 2011, and 2010, were approximately \$0.8 million, \$0.4 million, and \$0.4 million, respectively.

(11) SEGMENT INFORMATION

The Company reports in two segments: "Environmental Services" and "Oil Business." The Environmental Services segment consists of the Company's parts cleaning, containerized waste management and vacuum truck service activities. The Oil Business segment consists of the Company's used oil collection and used oil re-refining activities. No single customer accounted for more than 10% of consolidated revenues in fiscal 2012 and fiscal 2010. Revenues from one customer in the Oil Business segment represented approximately 15.4% of the Company's consolidated revenues for fiscal 2011. No customer represented greater than 10% of consolidated revenues in the Environmental Services segment for fiscal 2012, 2011, or 2010. There were no intersegment revenues.

Operating segment results for the fiscal years ended December 29, 2012, December 31, 2011, and January 1, 2011 were as follows (in thousands):

For the Fiscal Years Ended,
December 29, 2012

	Environmental Services	Oil Business	Corporate and Eliminations	Consolidated
Revenues				
Product revenues	\$ 11,025	\$ 108,445		\$ 119,470
Service revenues	128,129	4,892		133,021
Total revenues	\$ 139,154	\$ 113,337		\$ 252,491
Operating expenses				
Operating costs	104,994	108,574	—	213,568
Operating depreciation and amortization	4,615	2,894	—	7,509
Profit before corporate selling, general, and administrative expenses	29,545	1,869	—	31,414
Selling, general, and administrative expenses	—	—	26,194	26,194
Depreciation and amortization from SG&A	—	—	632	632
Total selling, general, and administrative expenses			26,826	26,826
Other expense (income) - net			6	6
Operating income				4,582
Interest expense - net	—	—	585	585
Income before income taxes				3,997
Provision for income taxes	—	—	1,743	1,743
Net income				\$ 2,254

Edgar Filing: Heritage-Crystal Clean, Inc. - Form 10-K/A

For the Fiscal Year Ended,
December 31, 2011

	Environmental Services	Oil Business	Corporate and Eliminations	Consolidated
Revenues				
Product revenues	\$ 9,064	\$ 30,085		\$ 39,149
Service revenues	110,448	3,261		113,709
Total revenues	\$ 119,512	\$ 33,346	—	\$ 152,858
Operating expenses				
Operating costs	90,751	33,249	—	124,000
Operating depreciation and amortization	4,218	805	—	5,023
Profit (loss) before corporate selling, general, and administrative expenses	24,543	(708)		23,835
Selling, general, and administrative expenses	—	—	20,715	20,715
Depreciation and amortization from SG&A	—	—	634	634
Total selling, general, and administrative expenses			21,349	21,349
Other expense (income) - net			(10)	(10)
Operating income				2,496
Interest expense - net	—	—	37	37
Income before income taxes				2,459
Provision for income taxes	—	—	985	985
Net income				\$ 1,474

For the Fiscal Year Ended,
January 1, 2011

	Environmental Services	Oil Business	Corporate and Eliminations	Consolidated
Revenues				
Product revenues	\$ 7,919	\$ 5,877		\$ 13,796
Service revenues	96,301	2,021		98,322
Total revenues	\$ 104,220	\$ 7,898	—	\$ 112,118
Operating expenses				
Operating costs	73,987	9,786	—	83,773
Operating depreciation and amortization	3,945	41	—	3,986
Profit (loss) before corporate selling, general, and administrative expenses	26,288	(1,929)		24,359
Selling, general, and administrative expenses	—	—	18,035	18,035
Depreciation and amortization from SG&A	—	—	643	643
Total selling, general, and administrative expenses			18,678	18,678
Other expense (income) - net			39	39
Operating income				5,642

Edgar Filing: Heritage-Crystal Clean, Inc. - Form 10-K/A

Interest expense - net	—	—	—	—
Income before income taxes				5,642
Provision for income taxes	—	—	2,371	2,371
Net income				\$3,271

21

Total assets by segment as of December 29, 2012 and December 31, 2011 were as follows (in thousands):

	December 29, 2012	December 31, 2011
Total Assets:		
Environmental Services	\$ 40,932	\$ 32,208
Oil Business	80,529	67,008
Unallocated Corporate Assets	77,650	34,840
Total	\$ 199,111	\$ 134,056

Segment assets for the Environmental Services and Oil Business segments consist of property, plant, and equipment, intangible assets, and inventories allocated to each segment. Oil Business segments include goodwill from the acquisitions discussed in Note 3. Assets for the corporate unallocated amounts consist of property, plant, and equipment used at the corporate headquarters, as well as cash, accounts receivable, and net deferred tax assets.

Total capital expenditures by segment for fiscal 2012, 2011, and 2010 were as follows (in thousands):

	For the Fiscal Year Ended,		
	December 29, 2012	December 31, 2011	January 1, 2011
Total Capital Expenditures:			
Environmental Services	\$ 5,924	\$ 5,898	\$ 4,689
Oil Business	15,225	37,903	8,154
Unallocated Corporate Assets	1,907	1,814	125
Total	\$ 23,056	\$ 45,615	\$ 12,968

(12) COMMITMENTS AND CONTINGENCIES

The Company may enter into purchase obligations with certain vendors. They represent expected payments to third party service providers and other commitments entered into during the normal course of our business. These purchase obligations are generally cancelable with or without notice, without penalty, although certain vendor agreements provide for cancellation fees or penalties depending on the terms of the contract.

The Company has purchase obligations in the form of open purchase orders of \$12.9 million as of December 29, 2012, primarily for used oil, solvent, machine purchases, disposal and transportation expenses, and capital expenditures.

The Company may be subject to investigations, claims or lawsuits as a result of operating its business, including matters governed by environmental laws and regulations. When claims are asserted, the Company evaluates the likelihood that a loss will occur and records a liability for those instances when the likelihood is deemed probable and the exposure is reasonably estimable. The Company carries insurance at levels it believes are adequate to cover loss contingencies based on historical claims activity. When the potential loss exposure is limited to the insurance deductible and the likelihood of loss is determined to be probable, the Company accrues for the amount of the required deductible, unless a lower amount of exposure is estimated. As of December 29, 2012 and December 31, 2011, the Company had accrued \$0.2 million and \$0.2 million related to loss contingencies, respectively.

In October 2010, Ecological Services, Inc. ("ESI"), a non-hazardous wastewater treatment facility in Indiana, filed a Chapter 7 Bankruptcy proceeding. The U.S. Environmental Protection Agency ("EPA") has determined that the Company was a Potential Responsible Party ("PRP") contributor of waste to the site and assigned the Company the proportional share of the costs related to the cleanup of the ESI site. The Company joined with other PRPs to form a cooperative group to undertake the removal of waste and chemicals remaining at the site. The Company incurred expenses of \$0.6 million for the clean-up, beginning in the second quarter of fiscal 2011. The Company did not experience additional expenses in fiscal 2012 related to ESI. In October 2012, the Company received notification from the EPA that the remediation work at the site had been completed. The Company does not expect to experience additional liabilities related to this site.

The Company leases office space, equipment and vehicles under noncancelable operating leases that expire at various dates through 2026. Many of the building leases obligate the Company to pay real estate taxes, insurance, and certain maintenance costs, and contain multiple renewal provisions, exercisable at the Company's option. Leases that contain predetermined fixed escalations of the minimum rentals are recognized in rental expense on a straight-line basis over the lease term. Rental expense under operating leases was approximately \$17.4 million, \$12.2 million, and \$9.7 million for fiscal years 2012, 2011, and 2010, respectively.

Future minimum lease payments under noncancelable operating leases as of December 29, 2012 are as follows (in thousands):

Fiscal year:	
2013	15,530
2014	13,275
2015	11,653
2016	9,721
2017	8,559
Thereafter	14,259
Total	\$72,997

(13) INCOME TAXES

In fiscal 2011, the Company deducted for federal income tax purposes bonus depreciation on the majority of its capital expenditures for assets placed in service in fiscal 2011. The Company recorded a noncurrent deferred tax liability to reflect the book-tax difference for the resulting inability to deduct the federal income tax depreciation on 2011 capital expenditures in future years. In addition, as a result of the temporary differences related to the tax treatment of the federal bonus depreciation, the Company recorded a gross Net Operating Loss ("NOL") of \$44.7 million, which will expire in 2031. The balance remaining on the NOL as of December 29, 2012 was \$43.8 million. As of December 29, 2012, the remaining deferred tax asset related to the Company's state and federal NOL was a tax effected balance of \$15.8 million.

The Company recognizes windfall tax benefits associated with the exercise of stock options directly to stockholders' equity only when realized. Consequently, deferred tax assets are not recognized for NOLs resulting from windfall tax benefits. At December 29, 2012, deferred tax assets do not include \$0.8 million of excess tax benefits from share-based compensation.

The Company's effective tax rate for fiscal 2012 was 43.6% compared to 40.1% in fiscal 2011. The rate increase is attributed to the recording of unrecognized tax benefits in fiscal 2012 from current and previous years' activity, where the recording of these unrecognized tax benefits did not occur in previous years.

Components of the Company's income tax benefit and provision consist of the following for fiscal years 2012, 2011, and 2010 (in thousands):

	For the Fiscal Years Ended,		
	December 29, 2012	December 31, 2011	January 1, 2011
Current:			
Federal	\$ 127	\$(1,643	) \$ 1,140
State	338	(147	) 427
Total current	\$ 465	\$(1,790	) \$ 1,567
Deferred:			
Federal	\$ 1,443	\$ 2,604	\$ 766
State	(165	) 171	38
Total deferred	\$ 1,278	\$ 2,775	\$ 804
Income tax provision	\$ 1,743	\$ 985	\$ 2,371

A reconciliation of the expected income taxes at the statutory federal rate to the Company's actual income taxes is as follows (in thousands):

	For the Fiscal Years Ended,	
	December 29, 2012	December 31, 2011
Tax at statutory federal rate	\$ 1,359	\$ 836
State and local tax, net of federal benefit	257	186
Other	127	(37
Total income tax provision	\$ 1,743	\$ 985

Components of deferred tax assets (liabilities) are as follows (in thousands):

	As of,	
	December 29, 2012	December 31, 2011
Deferred tax assets:		
Net Operating Loss Carryforward	\$15,750	\$15,196
Tax intangible assets	1,526	1,673
Allowance for Doubtful Accounts	496	576
Reserves and Accruals	698	481
Income tax credits	574	275
Stock compensation	1,448	1,461
Total deferred tax asset	\$20,492	\$19,662
Deferred tax liabilities:		
Prepays	\$(471)	\$(316)
Depreciation and amortization	(25,019)	(23,066)
Total deferred tax liability	(25,490)	(23,382)
Net deferred tax liability	(4,998)	(3,720)
Current deferred tax asset	759	986
Net deferred tax liability	(5,757)	(4,706)
Net deferred tax liability	\$(4,998)	\$(3,720)

As of December 29, 2012, the Company is no longer subject to U.S. federal examinations by taxing authorities for years prior to 2009. Federal income tax returns for fiscal years 2009, 2010, 2011, and 2012 are still open for examination, as are state income tax returns for years prior to 2012.

The Company establishes reserves when it is more likely than not that the Company will not realize the full tax benefit of a position. The Company had a reserve of \$0.2 million for uncertain tax positions as of December 29, 2012. The Company did not have any reserve for uncertain tax positions as of December 31, 2011. The gross unrecognized tax benefits would, if recognized, decrease the Company's effective tax rate.

The following table summarizes the movement in unrecognized tax benefits (in thousands).

	For the Fiscal Years Ended,	
	December 29, 2012	December 31, 2011
Gross Unrecognized Tax Benefits:		
Beginning Balance	\$—	\$—
Additions Based on Current Year's Tax Positions	19	—
Additions from Prior Year's Tax Positions	175	—
Ending Balance	\$194	\$—

(14) SHARE-BASED COMPENSATION

The aggregate number of shares of common stock which may be issued under the Company's 2008 Omnibus Plan ("Plan") is 1,902,077 plus any common stock that becomes available for issuance pursuant to the reusage provision of the Plan. As of December 29, 2012, the number of shares available for issuance under the Plan was 788,257 shares.

Stock Option Awards

A summary of stock option activity under this Plan is as follows:

Stock Options	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value as of Date Listed (in thousands)
Outstanding at January 1, 2011	889,654	\$ 10.76	7.39	430
Granted	—			
Exercised	(118,317)	\$ 10.33		
Outstanding at December 31, 2011	771,337	\$ 10.83	6.38	4,421
Granted	—			
Exercised	(142,289)	\$ 11.15		
Options outstanding at December 29, 2012	629,048	\$ 10.76	5.40	2,607
Nonvested stock options at December 29, 2012	39,403	\$ 7.33	6.25	298
Options vested and exercisable at December 29, 2012	589,645	\$ 10.98	5.34	2,309

Stock Options	Number of Options	Weighted Average Grant-Date Fair Value Per Option
Nonvested stock options outstanding at January 1, 2011	118,219	\$ 3.24
Less: Shares vested during period	39,414	\$ 3.24
Nonvested stock options outstanding at December 31, 2011	78,805	\$ 3.24
Less: Shares vested during period	39,402	3.24
Nonvested stock options at December 29, 2012	39,403	\$ 3.24

The Company estimates the fair value of stock options granted using the Black-Scholes-Merton option-pricing model. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period.

Assumptions used in the Black-Scholes-Merton option pricing model for granted options follow:

	\$3.24 per option granted in March 2009		\$3.90 per option granted in March 2008	
Expected volatility	41.6	%	33.2	%
Risk-free interest rate	2.4	%	2.8	%
Dividend yield	—		—	
Expected life	6.25	years	5	years

The stock options issued on March 25, 2009, vest equally over four years beginning on the first anniversary following the grant date.

At December 29, 2012, there was less than \$0.1 million of unrecognized compensation expense for stock options which will be recorded through the first quarter of 2013. In each of fiscal 2012, 2011, and 2010, \$0.1 million was recorded as expense related to these stock options.

On January 31, 2012, the Compensation Committee of the Board of Directors approved an amendment to certain fully vested stock options for a member of management. The amendment extended the period of time the option holder has to exercise the options upon termination from the Company due to death or disability. As a result of the modification, the

26

Company re-valued the modified awards as a new grant, which resulted in total incremental non-cash stock-based compensation expense of \$0.1 million which was recorded in fiscal 2012.

Restricted Stock Compensation/Awards

The Company grants restricted shares to its Board of Directors that become fully vested one year from their grant date. The fair value of each restricted stock grant is based on the closing price of the Company's stock on the date of grant and the expense is amortized over its vesting period. In May 2011 the Company granted 8,346 restricted shares to its Board of Directors, which vested in May 2012. In May 2012, the Company granted 12,222 restricted shares to its Board of Directors, which vest fully after one year of service from their grant date. In July 2012, the Board of Directors voted to accelerate the vesting of 2,037 of these shares upon the retirement of one of the directors. The Company expensed the entire fair value of the stock award in the third quarter of 2012. In addition, in July 2012, the Board of Directors granted 1,308 restricted shares to a new director. These shares will vest in May 2013, along with the remaining shares originally granted to the Board of Directors in May 2012. Expense related to this restricted stock in fiscal 2012, 2011, and 2010 was \$0.3 million, \$0.2 million, and \$0.2 million, respectively.

In March 2011, the Company granted 92,909 restricted shares to certain members of management under the Company's 2010 Long Term Incentive Plan (LTIP). These restricted shares are subject to a graded vesting schedule over a three year period starting January 1, 2012. In addition to the shares awarded in March, in October 2011, the Company granted 12,783 restricted shares based on the completion of the front part of the used oil re-refinery. As of December 29, 2012 and December 31, 2011, there was approximately \$0.4 million and \$0.7 million of unrecognized compensation expense related to these awards. The Company continues to record compensation expense through the vesting period of these awards. In fiscal 2012, 2011, and 2010, approximately \$0.3 million, \$0.4 million, and \$0.2 million were recorded as expense related to these awards, respectively.

In February 2012, the Company granted 59,502 restricted shares to certain members of management under the Company's 2011 Long Term Incentive Plan (LTIP). Based on the relevant guidance, the Company determined that the service inception date for these awards was prior to the grant date and therefore the Company began accruing compensation expense in fiscal 2011, based on the Company's assessment in fiscal 2011 as to the probability that the performance criteria would be achieved. These restricted shares are subject to a graded vesting schedule over a three year period starting January 1, 2013. There was approximately \$0.7 million and \$1.0 million of unrecognized compensation expense remaining related to these awards as of December 29, 2012 and December 31, 2011, respectively. In fiscal 2012 and 2011, \$0.3 million and \$0.3 million of compensation expense was recorded related to these awards, respectively.

The Company approved future restricted stock awards of 10,000 shares to be granted based on the performance of a member of management for fiscal 2012. The restricted shares will be subject to a graded vesting schedule over a three year period. Based on the relevant guidance, the Company determined that the service inception date is prior to the grant date and therefore the Company began accruing compensation expense related to these awards in fiscal 2012. As of the end of the fourth quarter of 2012, the Company believed the performance criteria to be achievable. There was approximately \$0.1 million of unrecognized compensation expense remaining related to this award as of December 29, 2012. In fiscal 2012, less than \$0.1 million of compensation expense was recorded related to this award.

The following table summarizes information about restricted stock awards for the periods ended December 31, 2011 and December 29, 2012:

Restricted Stock (Nonvested Shares)	Number of Shares	Weighted Average Grant-Date Fair Value Per Share
Nonvested shares outstanding at January 1, 2011	15,492	9.68

Edgar Filing: Heritage-Crystal Clean, Inc. - Form 10-K/A

Granted	114,038	12.82
Vested	(15,492	) 9.68
Nonvested shares outstanding at December 31, 2011	114,038	12.82
Granted	73,032	21.74
Vested	(45,599	) 13.80
Forfeited	(202	) 16.53
Nonvested shares outstanding at December 29, 2012	141,269	17.11

Performance Restricted Stock Awards

In February 2007, the Company granted to certain key employees in one of the Company's operating divisions 55,000 restricted stock awards. These restricted shares were originally subject to forfeiture if certain performance goals were not achieved by fiscal year end 2011, but in 2010 were modified to eliminate the performance condition, and the awards vest in four tranches over four years.

On December 29, 2012, all of these awards had vested except for 11,000 shares, which will vest on May 17, 2013. As of December 29, 2012, there was less than \$0.1 million of unrecognized compensation expense related to these awards which will be recorded through May 2013. In each of fiscal years 2012, 2011, and 2010, \$0.1 million was recorded as expense related to these awards.

Employee Stock Purchase Plan

The Employee Stock Purchase Plan of 2008 (the "ESPP") is a shareholder approved plan under which all employees regularly scheduled to work 20 or more hours per week may purchase the Company's common stock through payroll deductions at a price equal to 95% of the fair market values of the stock as of the end of the first day following each three-month offering period. An employee's payroll deductions under the ESPP are limited to 10% of the employee's regular earnings, and employees may not purchase more than \$25,000 of stock during any calendar year.

As of December 29, 2012, the Company had reserved 68,557 shares of common stock available for purchase under the Employee Stock Purchase Plan of 2008, which included an additional 60,000 shares made available for purchase under the Plan at the Annual Meeting of Shareholders on May 3, 2012. In the fiscal 2012, employees purchased 25,561 shares of the Company's common stock with a weighted average fair market value of \$18.51 per share.

Warrior Acquisition

On February 23, 2011, the Company acquired certain assets of Warrior Oil Service, Inc., JBS Oil, Inc., C&J Recovery, LLC, and affiliates, a group of related companies engaged in the used oil collection business (collectively, "Warrior Group"). The Company acquired these assets for approximately \$4.3 million, comprised of \$0.9 million in cash, \$2.6 million in subordinated notes and 64,516 shares of common stock that were issued in a private placement valued at \$0.8 million.

(15) STOCKHOLDERS' EQUITY

In the second quarter of fiscal 2012, the Company completed a follow-on public offering of common stock. In the follow-on offering, the Company sold 3,400,000 additional shares of common stock at \$20.50, raising net proceeds of approximately \$65.5 million, after underwriting discounts and transaction costs. The Company used a portion of the net proceeds to pay off the outstanding balance of its revolving credit facility of approximately \$12.4 million.

In fiscal 2010, the Company completed a secondary public offering. In connection with the secondary offering, the Company sold 3,450,000 additional shares of common stock at \$8.00 per share, raising net proceeds of approximately \$25.5 million after underwriting discounts and transaction costs. The Company used the net proceeds from the offering to fund a portion of the construction costs for the used oil re-refining project in Indianapolis, Indiana.

Heritage Participation Rights

The Company has a Participation Rights Agreement with The Heritage Group ("Heritage"), an affiliate of Heritage-Crystal Clean, Inc. pursuant to which Heritage has the option to participate, pro rata based on its percentage

ownership interest in the Company's common stock in any equity offerings for cash consideration, including (i) contracts with parties for equity financing (including any debt financing with an equity component) and (ii) issuances of equity securities or securities convertible, exchangeable or exercisable into or for equity securities (including debt securities with an equity component). If Heritage exercises its rights with respect to all offerings, it will be able to maintain its percentage ownership interest in the Company's common stock. The Participation Rights Agreement does not have an expiration date. Heritage is not required to participate or exercise its right of participation with respect to any offerings. Heritage's right to participate does not apply to certain offerings of securities that are not conducted to raise or obtain equity capital or cash such as stock issued as consideration in a merger or consolidation, in connection with strategic partnerships or joint ventures, or for the acquisition of a business, product, license, or other asset by the Company.

(16) EARNINGS PER SHARE

The following table reconciles the number of shares outstanding for fiscal 2012, 2011, and 2010 respectively, to the number of weighted average basic shares outstanding and the number of weighted average diluted shares outstanding for the purposes of calculating basic and diluted earnings per share (in thousands, except per share data):

	For the Fiscal Years Ended,		
	December 29, 2012	December 31, 2011	January 1, 2011
Net income	\$2,254	\$1,474	\$3,271
Weighted average basic shares outstanding	16,921	14,313	12,645
Dilutive shares for share-based compensation plans	442	397	59
Weighted average diluted shares outstanding	17,363	14,710	12,704
Net income per share: basic	\$0.13	\$0.10	\$0.26
Net income per share: diluted	\$0.13	\$0.10	\$0.26

(17) SUBSEQUENT EVENTS

On December 31, 2012, the Company, through a new Delaware subsidiary, Mirachem, LLC, purchased substantially all of the operating assets of Mirachem Corporation. Since 2004, Mirachem Corporation had provided the Company with the cleaning chemistry used in the Company's aqueous parts cleaning service. The Company made an initial payment of approximately \$2.5 million in cash at the time of closing and provided a note payable for an additional \$0.8 million over two years.

In a separate transaction, the Company acquired from a third party additional aqueous technologies in exchange for a 20% interest in Mirachem, LLC. The Company has an option to repurchase this 20% interest, and the current owner has a right to sell the interest to the Company, after January 1, 2016, at a price based on the trailing EBITDA of Mirachem, LLC, subject to potential modifications.

The Company completed these transactions in order to secure the supply of its aqueous parts cleaning chemistry which, together with the Company's patented aqueous parts cleaning equipment, should provide the Company with a strong platform from which to compete in the aqueous parts cleaning market.

The Company will consolidate Mirachem, LLC into its financial statements as part of the Environmental Services segment beginning in fiscal 2013.

(18) SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	Fiscal 2012				Fiscal 2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter ⁽¹⁾	First Quarter	Second Quarter (2)	Third Quarter (2)	Fourth Quarter ⁽¹⁾
(Dollars in thousands, except per share and branch data)								
STATEMENT OF OPERATIONS DATA:								
Revenues								
Product revenues	21,215	31,941	31,348	34,966	3,996	5,755	10,919	18,479
Service revenues	29,294	30,330	30,718	42,679	24,743	26,213	26,325	36,428
Total Revenues	50,509	62,271	62,066	77,645	28,739	31,968	37,244	54,907
Operating expenses -								
Operating Costs	42,337	51,908	52,718	66,605	22,512	24,545	30,381	46,562
Selling, general, and administrative expenses	5,756	6,235	5,566	8,637	4,541	4,815	4,886	6,473
Depreciation and amortization	1,772	1,911	1,904	2,554	1,110	1,215	1,208	2,124
Other expense (income)	1	—	9	(4)	—	(12)	1	1
Operating income (loss)	643	2,217	1,869	(147)	576	1,405	768	(253)
Interest expense – net	187	146	112	140	4	10	9	14
Income (loss) before income taxes	456	2,071	1,757	(287)	572	1,395	759	(267)
Provision for income taxes	186	853	723	(19)	234	567	260	(76)
Net income (loss)	270	1,218	1,034	(268)	338	828	499	(191)
Number of weighted average common shares outstanding:								
Basic	14,486	16,689	18,060	18,067	14,249	14,306	14,325	14,357
Diluted	14,962	17,140	18,412	18,067	14,369	14,750	14,822	14,357
OTHER OPERATING DATA:								
Average sales per working day - Environmental Services	515	545	555	570	435	470	475	495
Number of branches at end of fiscal quarter	71	71	71	71	67	67	67	67

- (1) Reflects a sixteen week quarter.

- (2) During the third quarter of fiscal 2011, the Company identified an error in the ending inventory balance in the Company's Environmental Services segment for the second quarter of fiscal 2011 in which inventory was understated by \$0.2 million. In accordance with ASC Topic 250, Accounting Changes and Error Corrections, the Company evaluated the materiality of the error from a qualitative and quantitative perspective and concluded that the error was not material to the inventory balance in the second quarter. Further, the Company evaluated the materiality of the error on the results of operations for the second and third quarters of fiscal 2011, as well as the expected results of operations for the full year and concluded that the error was not material to either quarter and was not anticipated to be material to the full year or the trend of financial results. The Company corrected the quarterly financial data from what was previously reported in the second and third quarter to reflect the correction of the error. As such, operating expenses from the second quarter decreased \$0.2 million and after tax net income increased by \$0.1 million from what was previously reported. Operating expenses from the third quarter increased \$0.2 million, and net income decreased by \$0.1 million from what was previously reported.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Consolidated Financial Statements:

Reports of Independent Registered Public Accounting Firms

Consolidated Balance Sheets as of December 29, 2012 and December 31, 2011

Consolidated Statements of Income for the years ended December 29, 2012, December 31, 2011, and January 1, 2011

Consolidated Statements of Cash Flows for the years ended December 29, 2012, December 31, 2011, and January 1, 2011

Consolidated Statements of Stockholders' Equity for the years ended December 29, 2012, December 31, 2011, and January 1, 2011

Notes to Consolidated Financial Statements

(a)(2) Consolidated Financial Statement Schedules:

All schedules have been omitted because the required information is not significant or is included in the financial statements or notes thereto or is not applicable.

(a)(3) Exhibits:

The exhibit list required by this Item is incorporated by reference to the Exhibit Index filed as part of this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HERITAGE-CRYSTAL CLEAN, INC.

Date: March 1, 2013

By: /s/ Mark DeVita

Mark DeVita
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer
of the Registrant)

EXHIBIT INDEX

Exhibit Number	Exhibit
3 .1	Certificate of Incorporation of Heritage-Crystal Clean, Inc., amended (Incorporated herein by reference to Exhibit 3.1 of the Company's Annual Report on 10-K filed with the SEC on February 29, 2012)
3 .2	By-Laws of Heritage-Crystal Clean, Inc. (Incorporated herein by reference to Exhibit 3.2 of Amendment No. 6 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on February 25, 2008)
4 .1	Form of Specimen Common Stock Certificate of Heritage-Crystal Clean, Inc. (Incorporated herein by reference to Exhibit 4.1 of Amendment No. 7 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on March 7, 2008)
10 .1	Third Amended and Restated Credit Agreement dated as of December 14, 2009 by and between the Company and Bank of America, N.A. (Incorporated herein by reference to Exhibit 10.1 to Amendment No. 1 to the Company's Quarterly Report on Form 10-Q/A filed with the SEC on March 4, 2011.)
10 .2	First Amendment dated as of May 14, 2011 to the Third Amended and Restated Credit Agreement dated as of December 14, 2009 by and between the Company and Bank of America N.A. (Incorporated herein by reference to the Current Report on Form 8-K filed with the SEC on May 18, 2010.)
10 .3	Second Amendment dated as of June 1, 2011 to the Third Amended and Restated Credit Agreement dated as of December 14, 2009 by and between the Company and Bank of America N.A. (Incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on July 30, 2010)
10 .4	Third Amendment dated as of March 5, 2011 to the Third Amended and Restated Credit Agreement dated as of December 14, 2009 by and between the Company and Bank of America N.A. (Incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on March 21, 2011).
10 .5	Fifth Amendment dated as of December 10, 2012 to the Third Amended and Restated Credit Agreement dated as of December 14, 2009 by and between the Company and Bank of America N.A. (Incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on December 14, 2012).
10 .6	Sixth Amendment dated as of January 30, 2013 to the Third Amended and Restated Credit Agreement dated as of December 14, 2009 by and between the Company and Bank of America N.A. (Incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on February 1, 2013).
10 .7	Promissory Note dated February 23, 2011 made by Heritage-Crystal Clean, LLC and payable to C&J Recovery, LLC (Incorporated herein by reference to Exhibit 10-.1 to the Company's Current Report on Form 8-K filed with the SEC on March 1, 2011)
10 .8	Promissory Note dated February 23, 2011 made by Heritage-Crystal Clean, LLC and payable to JBS Oil, Inc. (Incorporated herein by reference to Exhibit 10-.1 to the Company's Current Report on Form 8-K filed with the SEC on March 1, 2011)
10 .9	Promissory Note dated February 23, 2011 made by Heritage-Crystal Clean, LLC and payable to Warrior Oil Service, Inc. (Incorporated herein by reference to Exhibit 10-.1 to the Company's Current Report on Form 8-K filed with the SEC on March 1, 2011)
* 10 .10	Employment Agreement, dated as of August 24, 1999 by and between Heritage-Crystal Clean, LLC and Joseph Chalhoub, as amended March 1, 2000 (Incorporated herein by reference to Exhibit 10.8 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed

with the SEC on August 3, 2007)

- 10 .11 Form of Participation Rights Agreement between Heritage-Crystal Clean, Inc. and The Heritage Group (Incorporated herein by reference to Exhibit 10.9 of Amendment No. 7 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on March 7, 2008)
- * 10 .12 Employment Agreement, dated as of March 1, 2000 by and between Heritage-Crystal Clean, LLC and John Lucks (Incorporated herein by reference to Exhibit 10.10 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on August 3, 2007)
- * 10 .13 Employment Agreement, dated as of November 15, 1999 by and between Heritage-Crystal Clean, LLC and Gregory Ray (Incorporated herein by reference to Exhibit 10.12 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on August 3, 2007)
- * 10 .14 Employment Agreement, dated as of July 14, 2002 by and between Heritage-Crystal Clean, LLC and Tom Hillstrom (Incorporated herein by reference to Exhibit 10.14 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on August 3, 2007)

10	.15	Amended and Restated Credit Agreement dated as of February 5, 2013 by and between the Company and Bank of America, N.A. (Incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 11, 2013.)
10	.16	Multi-Story Office Building Lease between Heritage-Crystal-Clean, LLC and RP 2 Limited Partnership dated November 28, 2005 (Incorporated herein by reference to Exhibit 10.17 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on August 3, 2007)
* 10	.17	Heritage-Crystal Clean, LLC Key Employee Membership Interest Trust Agreement dated February 1, 2002, as amended (Incorporated herein by reference to Exhibit 10.18 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on August 3, 2007)
10	.18	Heritage-Crystal Clean, Inc. Omnibus Incentive Plan (Incorporated herein by reference to Exhibit 10.25 of Amendment No. 6 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on February 25, 2008)
* 10	.19	Heritage-Crystal Clean, Inc. Performance-Based Annual Incentive Plan (Incorporated herein by reference to Exhibit 10.26 of Amendment No. 6 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on February 25, 2008)
* 10	.20	Heritage-Crystal Clean, Inc. Non-Qualified Deferred Compensation Plan (Incorporated herein by reference to Exhibit 10.27 of Amendment No. 7 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on March 7, 2008)
* 10	.21	Form of Option Grant Agreement under Omnibus Incentive Plan (Incorporated herein by reference to Exhibit 10.28 of Amendment No. 6 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on February 25, 2008)
* 10	.22	Heritage-Crystal Clean, Inc. Employee Stock Purchase Plan (Incorporated herein by reference to Exhibit 10.29 of Amendment No. 7 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on March 7, 2008)
* 10	.23	Form of Indemnity Agreement with Directors of the Company (Incorporated herein by reference to Exhibit 10.30 of Amendment No. 7 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on March 7, 2008)
* 10	.24	Non-Competition and Non-Disclosure Agreement between Joseph Chalhoub and Heritage-Crystal Clean, LLC dated August 24, 1999 (Incorporated herein by reference to Exhibit 10.32 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on August 3, 2007)
* 10	.25	Non-Competition and Non-Disclosure Agreement between Gregory Ray and Heritage Crystal Clean, LLC dated November 15, 1999 (Incorporated herein by reference to Exhibit 10.33 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on August 3, 2007)
* 10	.26	Non-Competition and Non-Disclosure Agreement between John Lucks and Heritage-Crystal Clean, LLC dated March 1, 2000 (Incorporated herein by reference to Exhibit 10.34 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on August 3, 2007)
* 10	.27	Non-Competition and Non-Disclosure Agreement among BRS-HCC Investment Co., Inc., Bruckmann, Rosser, Sherrill & Co. II, L.P., Bruckmann, Rosser, Sherrill & Co., Inc., Bruce C. Bruckmann and Heritage-Crystal Clean, LLC dated February 24, 2004 (Incorporated herein by reference to Exhibit 10.35 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (No. 333-1438640) filed with the SEC on August 3, 2007)
* 10	.28	Form of Restricted Stock Award Agreement (Incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2011)
21	.1	Subsidiaries of Heritage-Crystal Clean, Inc. (Previously filed with the original form 10-K)

Edgar Filing: Heritage-Crystal Clean, Inc. - Form 10-K/A

23	.1	Consent of Grant Thornton LLP, Independent Registered Public Accountants***
31	.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002***
31	.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002***
32	.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002***
32	.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002***
101	.INS	XBRL Instance Document (Previously filed with the original form 10-K)
101	.SCH	XBRL Taxonomy Extension Schema Document (Previously filed with the original form 10-K)
101	.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (Previously filed with the original form 10-K)
101	.LAB	XBRL Taxonomy Extension Label Linkbase Document (Previously filed with the original form 10-K)
101	.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (Previously filed with the original form 10-K)

101 .DEF XBRL Taxonomy Extension Definition Linkbase Document (Previously filed with the original form 10-K)

* Management or compensatory plan or arrangement.

*** Included herein.