



Cabot Corp plans to close its carbon black manufacturing facility in Waverly, WV, in March 2008. Customer shipments from the facility will continue through the middle of 2008. The decision to close the facility was driven by changes in the tire manufacturing industry.

Over the past 18 months, tire manufacturing has seen a significant restructuring, with multiple tire-capacity reductions in North America and the expansion of tire manufacturing facilities in China and other countries in the Asia Pacific and South America regions. Cabot is in the process of debottlenecking several of its carbon black manufacturing facilities in North America to continue to fully meet customer requirements.

Cabot had announced the plant's closure in June and said 48 employees would be affected.

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KLEAN SOURCE NEWSLETTER

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The Scrap Tire Chronicles - Potholes Ahead for Global Tire Makers

Rising materials costs and heavy benefit burdens are giving the rubber barons a bumpy ride

The \$70 billion global tire market is dominated by a few large players whose strong brand names and market positions have so far helped them weather major industry difficulties such as rising raw-material costs and the increasing burden of employee benefit costs. In 2008, however, they will find it more difficult to counter these trends as they have in the past with productivity gains, pricing improvements, and cost cutting.

The major global players are Japan-based Bridgestone (S&P credit rating, BBB+), France-based Compagnie Generale des Etablissements Michelin (BBB+), U.S.-based Goodyear Tire & Rubber (B+), Germany-based Continental (BBB+), and U.S.-based Cooper Tire & Rubber (BB).

Currently, the top three manufacturers -- Michelin, Bridgestone, and Goodyear (GT) -- together command about 55% of the global market. There have been no meaningful changes in market-share movements in recent years, and we don't expect any in the near future. All three players hold the leading market shares in their home continents, and somewhat weaker (but still meaningful) shares overseas. This global reach distinguishes them from their smaller competitors, Continental and Cooper Tire.

WARNING SIGNS

Standard & Poor's Ratings Services believes the tire industry has an average industry risk profile, which is supported by the strong market positioning and broad distribution of the top-tier companies. All five tire manufacturers benefit from solid market positions in their main markets and regions, stakes that strongly support their ratings. Nevertheless, companies in this sector face numerous challenges, including:

- Uncertainty about auto production volumes over the next few years;
- Restrained consumer spending owing to uncertain economic conditions and fragile consumer confidence;
- Increasing competition, as niche players expand their product lines and geographic presence;
- High capital expenditures and R&D costs, which are necessary to support new product development and productivity-improvement initiatives;
- The need to lay out high labor and employee-benefit costs in high-volume markets;
- Volatile raw-material and energy costs;
- Exposure to foreign-exchange movements; and
- The need to expand into underdeveloped, high-growth markets.



Record oil prices equals record carbon black

New York, USA - Retail gas prices set new records Friday on their seemingly relentless march toward \$3.50 a gallon and diesel prices pushed further above \$4 a gallon. Crude futures, meanwhile, surged to a new record of \$117 a barrel.

The price of crude oil was pushed higher after a militant group in Nigeria said it had sabotaged a major oil pipeline operated by a Royal Dutch Shell PLC joint venture and promised further attacks on the country's petroleum industry.

A spokeswoman for Shell confirmed that the pipeline was leaking, and said the damage appeared to have been caused by explosives. Nigeria is a major supplier of oil to the U.S.

The escalation in crude prices threatened to further boost gasoline costs.

At the pump, the national average price of regular gas rose 2.7 cents overnight to a record \$3.445 a gallon, according to a survey of stations by AAA and the Oil Price Information Service. Diesel fuel added 2.2 cents to a record national average of \$4.168 a gallon.

The spike in the cost of fuel is hurting consumers already feeling the effects of a slowing economy, a sluggish job market and falling home values. Soaring prices of diesel, which runs most of the world's trucks, trains, ships and heavy equipment, is a major factor pushing food prices higher.

Some analysts expect gas prices to peak near \$3.80 a gallon; the Energy Department, in a recent forecast, said prices could average \$4 a gallon nationally at times.

"I would say that energy prices are having the most profound effect on the economy in recent memory," said Phil Flynn, an analyst at Alaron Trading Corp., in Chicago, in a research note.

Oil, meanwhile, pushed to new records.

Light, sweet crude for May delivery rose to a new trading record of \$117 in after-hours electronic trading Friday after settling up \$1.83 at a record \$116.69 a barrel on the New York Mercantile Exchange. It was the fifth day in a row crude prices set new records.

Attacks since early 2006 on Nigerian oil infrastructure by the Movement for the Emancipation of the Niger Delta have cut nearly one-quarter of the country's normal petroleum output, boosting oil prices.

Oil's gains on Friday were limited by the dollar, which strengthened against the euro, sending oil prices lower earlier in the day. A stronger dollar makes commodities such as oil less attractive to investors as a hedge against inflation, and it makes oil more expensive to investors overseas. Analysts believe the weaker dollar is the primary reason oil has soared well past \$100 a barrel this year.

Analysts expect the Federal Reserve to cut interest rates several more times this year moves that tend to further weaken the dollar and reason that those cuts will help propel oil to new records.

Oil is not the only factor driving gas prices, which are also rising because refiners are switching from producing winter grade gasoline to the more expensive, but less polluting, version of the fuel they're required to sell during summer. When they do that each spring, they tend to draw supplies down to low levels as they try to sell off all their winter fuel.

Short supplies of alkylate, a blending component key to the creation of summer-grade gas, also have pushed prices higher. Contributing to the price spike, refiners have been cutting back on their production of gasoline, which has a low profit margin. Refiners have to buy the crude they process into gasoline, and soft demand for gas has prevented them from boosting pump prices fast enough to keep up with soaring crude futures.



EU Landfill Directive bans all scrap tyres from landfills

London, UK - All 16 shredder operating companies in the UK are to ban tyres from their feedstock, the British Metals Recycling Association has announced.

The ban could mean that more tyres are flytipped by some vehicle dismantlers who do not have arrangements for recycling or recovery, which can cost about £100 per tonne of tyres. On a day-to-day basis it will mean shredder operators turning away deliveries of end-of-life vehicles (ELVs) with tyres still on them, or loads which contain tyres baled within scrap cars.

Shredder operators run heavy machinery which shreds the end-of-life vehicles into metals as well as non-metallic material known as shredder residue. It is difficult to separate the rubber from the wire in tyres and so collection of the material is not seen as viable after shredding takes place.

Ban

From July 16, a ban on the landfilling of shredded tyres comes into force under the Landfill Directive and this means that the shredder operators will no longer be able to landfill shredder residue if it includes tyres. Some of the residue could still be used in landfill as an engineering material, but the Environment Agency is expected to limit this to particular sites.

Lindsay Millington, director general of the British Metals Recycling Association, said that the shredders' ban will come into force from July 7, 2006, and the only exception will be where there is an identified end-market and the operator agrees in advance to take a delivery of tyres.

She promised that there would be "a crack down on illegal operators who flout the end-of-life vehicle regulations requirement that tyres must be removed as part of the depollution process. BMRA shredder operators have agreed a common position that suppliers found to deliberately conceal tyres in loads or bales will not be tolerated, and defaulters may find themselves banned."

Ms Millington added: "Our shredder operators feel it is important to take a responsible position, and we are working closely with the Environment Agency towards a very significant reduction of tyres in shredder waste. However we will only achieve complete eradication when all the loopholes are closed to prevent illegal ELV activity. We are therefore also working on a longer term action plan with government partners towards this goal."

Slow

Despite the ban by shredder operators from July 7, some in the sector consider that the shredder industry has been slow to regulate the number of tyres coming into yards.

One observer remarked: "Shredders have been keen to take in as much metal material as possible and have never really bothered to try and reduce the number of tyres coming in in the past. This has worked against those dismantlers who conform to all the depollution regulations and take the tyres off in advance." BMRA has had a policy for its members to charge £1.50 for each tyre delivered, but it is not thought that this has been widely enforced.

Duncan Wemyss, director of the Motor Vehicle Dismantlers Association, said: "A large number of MVDA members have already found established outlets for the disposal of tyres and are not reliant on the use of shredders. All parties now need to act with some practicalities and responsibility to ease the situation."

Competition

Mr. Wemyss said that he could foresee some regional difficulties and that members were also finding that used tyres were competing against other waste products for disposal routes.

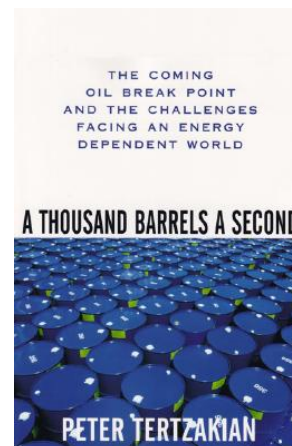
"Some of the outlets for tyres, such as for recovery in cement kilns, are under competition from waste oil and also from municipal waste with MBT material being sent to the kilns for energy recovery," he said.

The Department of Trade and Industry and the Environment Agency will be watching the situation closely over coming months and there are some contingency plans should local difficulties arise. However, the DTI is thought to consider that there is a sufficient number of outlets for the tyres, although further development of outlets is also necessary.



Old tires are now banned from land fill

Suppliers found to deliberately conceal tyres in loads or bales will not be tolerated, and defaulters may find themselves banned - Lindsay Millington, BMRA



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ABOUT KLEAN INDUSTRIES INC.

Klean Industries is a specialized international company using advanced "clean" technologies to develop projects which provide environmentally conscious solutions to energy and waste management challenges using unique low carbon footprint technologies and solutions. The company is headquartered in Vancouver, Canada and is committed to solving problems large and small in an economically meaningful and environmentally responsible manner, with a focus on two significant waste streams, petroleum-based waste (specifically plastics and scrap tires) and organic waste.

Klean Industries provides clients with innovative, cost-effective, and environmentally-friendly solutions. We are a design engineering and construction firm that specializes in resource recovery, recycling, renewable energy, steam and power generation facilities. Our services include the engineering, procurement, construction, start-up, and operator training for all our facilities. We are committed to meet and exceed the expectations of our customers regardless of the size or project location.

Klean Industries utilizes worldwide patented technologies and proprietary methods as part of its solutions portfolio. Klean also holds the worldwide rights to manufacture and distribute a number of proprietary waste-treatment technologies, all of which are environmentally safe, low-cost and commercially viable, which allow us to create a unique convergence between waste recycling and renewable energy. We are your technology integration specialists.



Please visit the web –
www.kleanindustries.com



THE KLEAN INDUSTRIES OBJECTIVE

Our goal is 100% utilization of almost any waste product imaginable, mixed or unmixed. This includes scrap tires, all types of plastics, shredder residues, biomass, infectious biohazard medical waste, and MSW through resource recovery conversion systems, and/or the production of useful products.

Our Recent Projects

We are pleased to finally have the chance to begin our second issue of our quarterly newsletter service.

Sorry it took so long - we are honored by the overwhelming response to our earth friendly company.

As we look back at our projects we are please by our recent exposure in the market place and have begun developing our own corporately owned projects as this added focus has allowed us to bring more projects on line under proper management.

Klean Industries is please to announce that we are now at our production capacity in terms of new projects and new project development. We

have now quoted, are involved in, and have the option to participate in nearly \$5 billion dollars worth of projects.

Below is just a few of the projects we are involved in.

- EPC 50tpd integrated tire recycling project
- EPC 150tpd integrated tire recycling project
- Design 50tpd tire carbonization project
- Custom EPC 1200tpd Coal to Ethanol project
- Custom EPC 1000tpd Oil Sands - integrated heavy oil upgrader project
- EPC - MSW - energy projects totally 250MW

Are you ready to stop wasting your waste?

Are you there yet?
Sustainability
NEXT EXIT