

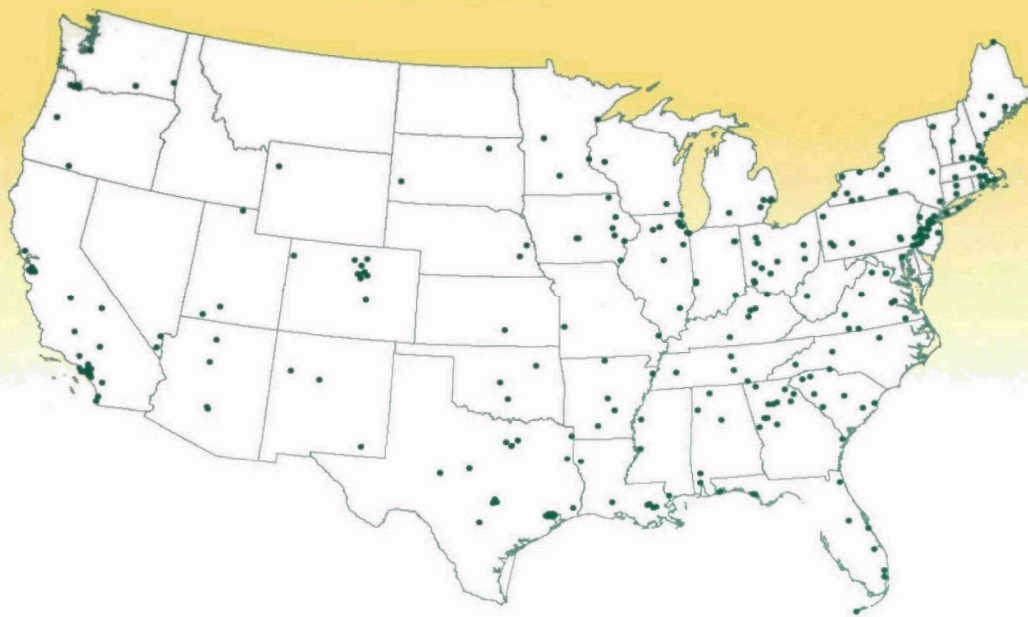
LEADING CHANGE



PERFORMANCE TRACK
FOURTH ANNUAL PROGRESS REPORT

PERFORMANCE TRACK MEMBERS

As of March 1, 2006



173rd Fighter Wing, Kingsley Field, Air National Guard
3M Alexandria
3M Brownwood
3M Company – Austin Research Boulevard Site
3M Company – Valley
3M Company – Aberdeen
3M Company – Brookings
3M Decatur
3M Eau Claire
3M ESPE
3M Guin
3M Menomoneie
3M Nevada
3M New Ulm
3M Optical Systems
3M Unitek Corporation
Aaron Oil Company, Inc.
Acushnet Rubber Co, D/B/A PRECIX, Inc.
Advanced Sterilization Products
AFCO – Associated Fuel Pump Systems Corporation
Airtex Products, LP
Akzo Nobel Aerospace Coatings, Inc.
ALZA Corporation – Bay Area R&D Operations
ALZA PSGA EVRA
American Synthetic Rubber Company, LLC
Amphenol TCS
Andersen Corporation
Applied Materials
Arizona Chemical – Pensacola
Arizona Chemical – Port St. Joe Plant
Arizona Chemical Company – A Company of International Paper
Arizona Chemical Company – A Division of IP
Arizona Chemical Company – Valdosta
Arizona Chemical – Dover
ASMO North Carolina, Inc.
Automotive Components Holdings, LLC – Sheldon Road Plant
Badlands Inn, LLC
Badlands Lodge, LLC
BAE SYSTEMS Controls

BAE SYSTEMS Information and Electronic Systems Integration
Baker Petrolite – Houston Blend Plant
Baker Petrolite – Rayne Blend Plant
Ball Metal Beverage Container Corp.
BASF Corporation
Bath Iron Works
Battelle Columbus Ohio
Baxter Healthcare – Cleveland
Baxter Caribe, Inc.
Baxter Fenwal Division
Baxter Healthcare – McGaw Park
Baxter Healthcare – Round Lake Technology Park
Baxter Healthcare Corporation of Puerto Rico
Baxter Healthcare Corporation – Irvine, CA
Baxter Healthcare Corporation – Mountain Home, AR
Baxter Healthcare Corporation of Puerto Rico – Jayuya Facility
Baxter Transfusion Therapies
Bell Helicopter Textron Amarillo
BFGoodrich Tire Manufacturing – Opelika
BFGoodrich Tire Manufacturing – Tuscaloosa
Big Bend Resorts/Chisos Mountains Lodge
Biosense Webster, Inc.
Black Canyon Willow Beach River Adventures, LLC
Blue Ridge Paper Products, Inc.
BMW Manufacturing Co. LLC
Boston Scientific – Maple Grove Weaver Lake Campus
Bridgestone Firestone North American Tire, LLC – OCK Plant
Bridgestone Firestone North American Tire, LLC – Warren County
Bridgestone Firestone North American Tire, LLC – Wilson
Bridgestone Firestone North American Tire, LLC – Bloomington
Bridgestone Firestone North American Tire, LLC – LaVergne
Bridgestone Firestone – South Carolina

Brinker's Fuel
Bristol-Myers Squibb Company
Bristol-Myers Squibb PRI – Wallington
Brookhaven Navy Yard Cogeneration Partners
Brookhaven National Laboratory
Callville Bay Resort & Marina
Capulin Volcano National Monument
Cardone Industries, Inc.
The Cavern Supply Co. Inc.
Centocor, Inc.
Chicago White Metal Casting, Inc.
Ciba Specialty Chemicals Corporation
City of Eugene, Wastewater Division
City of Manassas Maintenance Garage
City of Scottsdale
Coca-Cola North America – Columbus Syrup Plant
Coca-Cola North America – Lehigh Valley Plant
Coca-Cola North America – Ontario Syrup Plant
Collins & Aikman Floorcoverings
Colonial Acres Golf Course
Columbia Vista – Fruit Valley
Columbia Vista Corporation
Comanche Peak Steam Electric Station
Concurrent Technologies Corporation
Consumer Products Company
Cordis Corp. – Warren
Cordis Corp. – Miami Lakes
Cordis Neurovascular, Inc.
Cottonwood Cove Resort & Marina
Covanta Haverhill, Inc.
Covanta Hempstead Company
Covanta Mid-Connecticut, Inc.
CYRO Industries
Cytec Olean, Inc.
Dana Corporation – Commercial Vehicle Systems Division
Dassault Falcon Jet Corp. – Little Rock
Defense Supply Center Richmond
Delta Faucet Company of Tennessee
Delta House Boat Rentals
DENSO Manufacturing Michigan, Inc.
Depuy Orthopaedics, Inc. – New Bedford
DePuy Orthopaedics, Inc. – Raynam

DePuy, Inc.
Dinosaur National Monument
Dow West Virginia Operations, South Charleston Site
DuPont – Spruance Plant
DuPont – EKC Technology
DuPont – Fort Madison Plant
DuPont – Front Royal
DuPont – Mt. Clemens Plant
DuPont Stine Haskell Research Center
Durango-McKinley Paper Company
Eaton Corporation
Eaton Hydraulics
EMCO Enterprises, Inc.
Endicott Interconnect Technologies, Inc.
EPA Mid-Atlantic Regional Office Facility
Epic Resins
Epson Portland Inc.
Ethicon – San Angelo
Ethicon Endo-Surgery, Inc. – Albuquerque
Ethicon Endo-Surgery, Inc. – Cincinnati
Ethicon LLC
Ethicon, Inc. – Somerville
Ethicon, Inc. – Cornelia
Fairchild Semiconductor Corporation
Fairholme Store & Marina
Federal-Mogul – Boyertown
Firestone Agricultural Tire Company
Ford Atlanta Assembly Plant
Forever Resorts
Forever Resorts Fun Country Marine West
Forever Resorts Fun Country Marine Industries
Fort Lewis Public Works
Freescale Semiconductor, Inc.
Fuji Hunt Photographic Chemicals – Dayton
Fuji Hunt Photographic Chemicals, Inc. – Rolling Meadows
Fuji Hunt Photographic Chemicals, Inc. – Orange Park
Georgia-Pacific Resins, Inc. – Vienna
Georgia-Pacific Resins, Inc. – Conway
Georgia-Pacific Resins, Inc. – Russellville
Georgia-Pacific Resins, Inc. – Columbus
Georgia-Pacific Resins, Inc. – Albany
The Gillette Company – Andover Manufacturing Center
Grand Canyon National Park
Grand Teton Lodge Company
Grundfos Pump Manufacturing Corporation
Gwaltney of Smithfield, Ltd.
Hartford Processing and Distribution Center
Hartford Vehicle Maintenance Facility
Health Care Systems, Inc.
Henkel Corporation
Henkel Loctite
Henkel Technologies – Industry California
Hewlett Packard – San Diego
Hewlett Packard – Boise Site
Hewlett Packard – Caribe BV
Hewlett Packard – Corvallis Oregon Site
Hitachi Automotive Products
Honeywell Engines, Systems and Accessories
Hunter Douglas Tupelo Center
Hurricane Ridge Lodge
IBM – Thomas J. Watson Research Center

Continued on inside back cover

Executive Summary	3
-------------------	---

Leading Change	5
----------------	---

Ensuring Change	8
-----------------	---

Recognition and Awareness	8
---------------------------	---

Awards	8
--------	---

Corporate Leaders	11
-------------------	----

Corporate Social Responsibility	12
---------------------------------	----

CONTENTS

Learning Network	12
------------------	----

Regulatory and Administrative Incentives	13
--	----

Reporting and Monitoring	14
--------------------------	----

Charting Progress	15
-------------------	----

Highlights of Current Members' Commitments	15
--	----

Highlights of Members' Results Reported in 2005	15
---	----

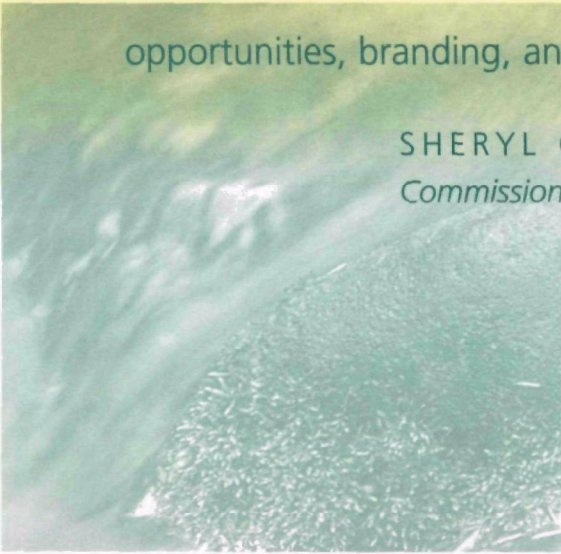
Caveats to the 2004 Results	21
-----------------------------	----

Conclusion	23
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"We see Performance Track as a win for Minnesota's environment:
continuous improvement strategies drive better results. We also see it as
a win for Minnesota business: Performance Track provides new marketing
opportunities, branding, and real bottom-line savings."

SHERYL CORRIGAN

Commissioner, Minnesota Pollution Control Agency



EXECUTIVE SUMMARY

THE U.S. ENVIRONMENTAL PROTECTION AGENCY'S National Environmental Performance Track program (Performance Track) is helping to lead change within EPA and state environmental agencies, as well as among facilities in virtually every manufacturing sector in the United States. The program uses a range of positive incentives and benefits to motivate facilities to go beyond legal requirements.

This report describes the program's progress during 2005, as well as the environmental achievements of members in 2004, reported to EPA in 2005.

In 2005, Performance Track focused on building support for its approach and the implementation of its incentives, both within EPA and in state environmental agencies. Program staff and members met with senior managers of EPA's Office of Solid Waste and Emergency Response, and the Office of Air and Radiation, to discuss key issues and possible future incentives. A similar meeting with the

Office of Water was held in the autumn of 2004. Each of these meetings generated specific action steps and follow-up meetings to pursue new incentives for these high-performing facilities.

In response to a request from former EPA Administrator Mike Leavitt, the Environmental Council of the States (ECOS) prepared a report for EPA in January, 2005, on state interest in and commitment to Performance Track and other environmen-

tal leadership programs. Workgroups composed of EPA and state officials met throughout the year to develop strategies for addressing issues raised in the report. The workgroups presented their recommendations at a public meeting in Chicago in October, 2005. EPA will use the feedback discussed there, along with comments submitted by stakeholders, to fine-tune the recommendations and begin implementation.

2005 was a significant year of growth for Performance

Track, with a total of 93 new members joining the program (a 33 percent increase). Eighty-two percent of the members whose three-year terms expired in 2005 submitted applications to renew their membership. The program also announced its first three Corporate Leaders, a new designation recognizing companies that demonstrate an exceptional corporate-wide commitment to environmental stewardship and continuous environmental improvement.

Performance Track Fast Facts

- At the end of 2005, the program had 371 members in 46 states and Puerto Rico.
- Since the program's inception, Performance Track members have collectively reduced their water use by nearly 1.9 billion gallons—enough to meet the water needs of Atlanta, Georgia, for more than two weeks. Members have conserved close to 9,000 acres of land and have increased their use of recycled materials by nearly 120,000 tons.
- In 2004 (the most recent year for which data are available), Performance Track members collectively reduced their water use by more than half a billion gallons, reduced their generation of hazardous waste by 800 tons, and reduced their use of non-renewable transportation fuels by more than 43,000 gallons.

With the help of its dedicated members and partners, Performance Track is poised to continue leading the way toward a new model for environmental protection, one that creates a compelling business case for continuous environmental improvement, environmental excellence, and community outreach.

"The Performance Track program provides the opportunity for high performing businesses to partner with the states and EPA for superior environmental results, a regulatory environment that is responsive to specific needs, and a better bottom line."

DAVID PAYLOR

Director, Virginia Department of Environmental Quality



LEADING CHANGE

EPA'S NATIONAL ENVIRONMENTAL PERFORMANCE TRACK program (Performance Track) plays a leading role in the Agency's effort to change business-as-usual approaches to environmental protection. By offering positive reinforcement through public recognition, regulatory and administrative incentives, and other benefits, Performance Track motivates facilities to go beyond legal requirements. The program improves on the level of environmental protection achievable by regulations alone; yields results in areas that are not regulated, such as energy use, greenhouse gas emissions, and water consumption; and fosters continuous improvement.

LEADING INNOVATION AT EPA

As Performance Track grows in scope and membership, it is helping to lead change within EPA and among state environmental agencies. Departing from traditional models of regulation, Performance Track aims to create a more collaborative, performance-based system of environmental protection in which top performers are treated differently. This approach benefits EPA and state agencies as well as regulated facilities. It is a way for the Agency and states to prioritize limited resources—turning some of their attention to facilities outside of Performance Track, those that present greater environmental risk.

Performance Track was designed to focus foremost on performance, with stringent entry criteria that admit only facilities with a strong past history of compliance and systems in

place to ensure continuous improvement, annual reviews of members' performance, and periodic site visits of selected facilities. Performance Track facilities are not immune from inspections, and their Environmental Management Systems receive close scrutiny from EPA during site visits. All new and renewing applicants must have an assessment of their Environmental Management System performed by an independent party, using the Performance Track Independent Assessment Protocol

or one of equivalent rigor.

Performance Track members must have a record of compliance with environmental laws, be in compliance with all applicable environmental requirements, and also commit to maintaining the level of compliance needed to qualify for the program. When facilities apply for acceptance to the program, they are subjected to a thorough compliance screen. First, relevant EPA

The Environmental Council of the States (ECOS) is the national non-profit, non-partisan association of state and territorial environmental agency leaders.

ECOS works to improve the capability of state environmental agencies and their leaders to protect and improve human health and the environment, and aims to facilitate a quality relationship between federal and state agencies in the fulfillment of that mission. ECOS and EPA have a long and rich history of collaboration. For more information, visit www.ecos.org.

The January, 2005, report prepared by ECOS for EPA, entitled "Survey of State Support for Performance-Based Environmental Programs and Recommendations for Improved Effectiveness," is available at www.epa.gov/performance-track/downloads/ECOS_Report_Final_01-13-05.pdf.

databases are examined for information on the applicant. Then, Performance Track regional coordinators consult with enforcement staff in their offices and state environmental agencies to verify the applicant's current compliance status. Performance Track also checks with the Department of Justice on actions it may have taken or is considering. The final step is to consult with EPA's Office of Enforcement and Compliance Assurance (OECA) on whether the applicant has met the screening criteria. OECA has concurred with every decision regarding the acceptance and renewal of Performance Track members. Performance Track relies on compliance screening criteria that were developed for all EPA voluntary programs—criteria that

NETWORK PARTNERS



Twenty-three organizations work with Performance Track to promote the program and its benefits. Current partners include

- Academy of Certified Hazardous Materials Managers
- American Chemistry Council
- American Home Furnishings Alliance
- American Iron and Steel Institute
- The Associated General Contractors of America
- The Auditing Roundtable
- Cement Kiln Recycling Coalition
- Global Environmental & Technology Foundation & Public Entity EMS Resource Center
- Greening of Industry Network
- International Carwash Association
- National Association of Chemical Distributors
- National Defense Industrial Association
- National Paint and Coatings Association
- National Pollution Prevention Roundtable
- National Ready Mixed Concrete Association
- National Stone, Sand, and Gravel Association
- NORA, an Association of Responsible Recyclers
- North American Die Casting Association
- Specialty Graphic Imaging Association
- Steel Manufacturers Association
- Synthetic Organic Chemical Manufacturers Association
- Voluntary Protection Program Participants' Association
- Wildlife Habitat Council

were strengthened for Performance Track. For more on these criteria, see: www.epa.gov/performance-track/program/sustain.htm.

During the past year, Performance Track staff and program partners intensified their efforts to promote delivery of Performance Track incentives at the state level as well as the development of new incentives within key EPA program offices to encourage more beyond-compliance behavior. Performance Track managers and invited members met with two EPA program offices to share ideas on incentives and discuss priority issues: the Office of Solid Waste and Emergency Response (March, 2005) and the Office of Air and Radiation (September, 2005). These meetings, both of which led to follow-up activities to pursue new incentives, provided opportunities for Performance Track members to discuss priority environmental issues directly with program office managers and to raise awareness of and support for the program within the program offices. Summaries of these meetings are available at www.epa.gov/performance-track/benefits/regadmin.htm.

Changing Relationships with States

State governments are vital partners in Performance Track. Many of the program's regulatory and administrative benefits are implemented at the state level, and EPA collaborates closely with states on policy matters, site visits, and admissions decisions on facilities applying to Performance Track. EPA and states also work together to coordinate Performance Track with similar performance-based programs at the state level. Twenty-five states currently have some form of environmental performance-based program. As of the end of 2005, EPA has signed Memoranda of Agreement with 10 states (Colorado, Georgia, Maine, Massachusetts, Tennessee, Texas, Utah, Virginia, Washington, and Wisconsin) to provide a framework for joint recruitment, admissions, and delivery of incentives to program members.

EPA has been working with states at a high level, with the expectation that changes will provide on-the-ground benefits

to Performance Track members. Such benefits include wider recognition of Performance Track by regulators and more consistent implementation of Performance Track incentives at the state level.

FORGING AHEAD WITH THE HELP OF MEMBERS AND PARTNERS

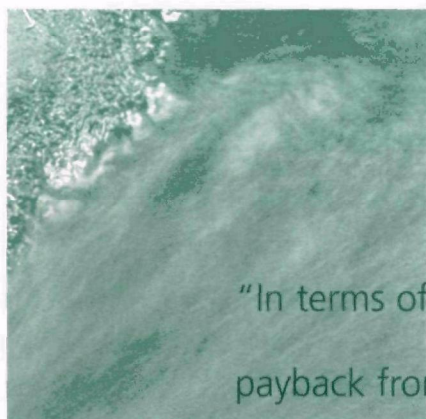
2005 was a landmark year in the evolution of Performance Track's relationship with states. In January, the Environmental Council of the States (ECOS) prepared a report for EPA on state interest in and commitment to environmental leadership programs. The report, developed in response to a request from former EPA Administrator Mike Leavitt at the ECOS fall meeting in October, 2004, made a number of recommendations for improving the effectiveness of performance-based environmental programs. Throughout 2005, two workgroups composed of EPA and state officials met to develop specific recommendations in the areas of integration and incentives.

The integration workgroup focused on ways to link state performance-based environmental programs with EPA's plan-

ning and budgeting priorities, along with ways to acknowledge states for achievements attained through such performance-based programs. The incentives workgroup developed recommendations for a stronger incentives system, proposed several incentives that could be implemented rapidly, and evaluated regulatory and statutory options for improving the delivery of incentives at the federal and state levels.

The two workgroups presented their recommendations at a public meeting in Chicago on October 19, 2005. EPA is using the feedback discussed there, along with the formal written comments submitted by stakeholders, to fine-tune the recommendations and begin implementation.

The Performance Track Participants' Association (PTPA), an independent nonprofit organization of Performance Track members, is also playing a key role in building support for Performance Track in states. PTPA has established workgroups in 15 states to date, with the goal of mobilizing Performance Track members to work with state agencies to integrate state performance-based programs. PTPA workgroups held successful meetings with high-level state officials in Florida and Illinois in 2005, leading to a number of follow-up activities in both states.



"In terms of bottom line impact, we really weren't looking for a monetary payback from the program. But we have seen monetary payback, certainly, from reduced energy usage and water usage, for example."

JACK BLACKMER

Environmental Coordinator, Novozymes North America

ENSURING CHANGE

PERFORMANCE TRACK MOTIVATES FACILITIES to go above and beyond environmental requirements by providing positive incentives, setting challenging entry criteria, and making members' results available to the public.

RECOGNITION AND AWARENESS

In a survey of Performance Track members conducted by EPA in 2004, members ranked recognition from EPA and improved reputation from public awareness of their environmental efforts among their top four reasons for joining Performance Track (along with opportunities to develop collaborative relationships with EPA and states, and opportunities to improve environmental performance). EPA recognizes Performance Track members and helps them with publicity in a variety of ways:

- When members are accepted to the program, EPA issues press releases to a wide variety of targeted news media. EPA also distributes press releases via CSRwire, a globally syndicated social responsibility news service.

- Members are recognized by senior EPA officials at the Performance Track Annual Members' Event, and receive a framed certificate of membership.
- The Agency works with trade publications and other media to place articles about the program and its members. In 2005, Performance Track was profiled in articles reaching a circulation of more than 2 million readers.
- Members are listed on the Performance Track website, which has received more than 3 million hits since its inception and currently averages more than 100,000 hits per month.
- Performance Track members may use and display the Performance Track logo, ensuring that employees, customers, and members of the surrounding community know that the facility is a top environmental performer.

AWARDS

Performance Track members that achieve particularly outstanding results or make exceptional efforts to promote the program are eligible for special recognition.

- The Performance Track **Environmental Performance Award** recognizes members that have demonstrated exem-

Spotlight on J&J's Corporate Environmental Assessment Program

Johnson & Johnson, a Performance Track Corporate Leader, uses a three-phase Management Awareness and Action Review System (MAARS) to assess its operating companies' environmental performance and drive continuous improvement. Through this system, the operating companies and the parent corporation work together to proactively identify and eliminate environmental compliance risks.

Under the first phase of MAARS, each operating company conducts ongoing self-assessments for its environmental, health, safety, sterilization, and quality programs throughout the year. In the second phase, the operating company incorporates the results of

its self-assessments into a Management Action Plan, signed by the business leader, that identifies potential regulatory non-compliances, deviations from internal standards, and related corrective actions. In the third phase, corporate and site representatives jointly evaluate compliance and management systems during site visits.

In addition to implementing MAARS, all J&J manufacturing and R&D companies are required to conduct a third-party compliance audit once every three years, and to be certified to ISO 14001, a process that entails third-party assessments of their Environmental Management Systems.

play environmental performance during their participation in the program.

- The Performance Track **Outreach Award** recognizes current members that make a special effort to inform the public about what it means to be a member.
- The Performance Track **Director's Award** recognizes members that the director has selected for outstanding achievements in any one of several areas, including mentoring, recruiting, public outreach, and community leadership.

2006 PERFORMANCE AWARD WINNERS

Performance Track's 2006 Environmental Performance Awards recognize members that have demonstrated exemplary environmental performance during their participation in the program, particularly during the 2004 calendar year.

Through an analysis of the annual performance reports of the more than 250 facilities that have been members for at least two years, Performance Track staff selected award winners for the categories of "large facility" (50 or more employees), "small facility," and "public facility." The principal evaluation criteria for this award were progress made toward performance goals and the breadth and challenge level of the member's performance commitments. This evaluation was supplemented with consideration of the member's annual performance report quality, compliance history, and community outreach efforts.

Large Facility Category

Rohm and Haas Electronic Materials, LLC of Marlborough, Massachusetts, supplies specialty chemicals to the electronics industry. During its charter membership and again in its second term, this facility demonstrated its dedication to reducing pollution at its source. In 2004, the facility made major reductions in the use of hazardous materials. Through pollution prevention techniques, it improved its per-batch use

of acetone by a third, and improved its per-batch ethyl lactate use by 16 percent, creating more efficient cleaning schedules and internally recycling the material. The facility also reduced its greenhouse gas releases by 9 percent on a normalized basis by retrofitting lighting fixtures and installing more efficient cooling units. In its first three years of membership, the facility achieved impressive improvements in water use, energy use, hazardous materials use, and hazardous waste.

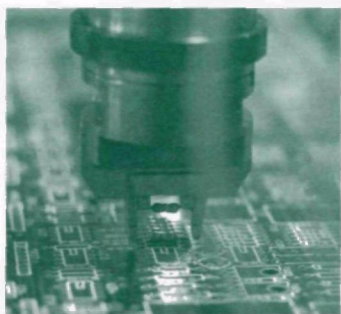
Small Facility Category

Norco Cleaners, Inc. is a drycleaning, wetcleaning, and laundering operation in Dolton, Illinois. As a small business, Norco Cleaners needed only to commit to two environmental performance improvements, but this facility elected to make four challeng-

ing commitments on key environmental issues, including hazardous materials use, emissions of volatile organic compounds (VOCs), and energy use, during both its charter and renewal membership periods in Performance Track.

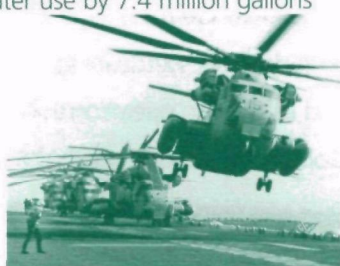
Between 2001 and 2003, the facility used a pre-filtering system to reduce its hazardous waste by 25 percent (in normalized terms) and to stretch the use of a cleaning solvent by 47 percent. In that same period, Norco improved its energy efficiency by nearly 50 percent—and then, in its renewal application, committed to further reducing its energy use by another 4 percent. In 2004, the first year of Norco's second term of membership, the facility used a wetcleaning process for a higher percentage of textiles it received for cleaning. This led to a 41 percent drop in the use of naphthol spirits and a similar drop in VOC emissions (in terms of pounds of textiles cleaned).

The annual performance reports that Norco Cleaners prepared for Performance Track provided many details about the activities that it conducted to achieve improvements, thus aiding other facilities in their environmental benchmarking efforts.



Public Facility Category

The **Naval Air Engineering Station** of Lakehurst, New Jersey, provides program management, logistical, engineering, prototyping, and testing services for the air launch, air recovery, and aviation support systems used by naval aviators, sailors, and marines. This facility was accepted to Performance Track in 2001 and is now in its second term of membership. Its current commitments are notable for the facility's aggressive goals to reduce emissions of nitrogen oxides (NO_x) and water use. In 2004 alone, the facility reduced its NO_x emissions by 21 tons (a 43 percent reduction) and its water use by 7.4 million gallons (an 8 percent reduction). In its first three years of membership, this facility reduced its water use by nearly 53 million gallons, solid waste generation by 20 tons, and NO_x emissions by 14.6 tons. It also created 123 acres of grassland bird habitat.



2006 Outreach Award Winners

Colonial Acres Golf Course in Glenmont, New York, is a 9-hole, semi-private golf course situated on 33 1/2 acres. Colonial Acres has an environmental information board in its pro shop, where members, employees, and guests can learn about the facility's membership in Performance Track. It also publishes an annual newsletter with updates of environmental improvements related to the facility's commitments under Performance Track. In 2005, Colonial Acres gave a presentation about Performance Track to the New York Turfgrass Association, and hosted an awards ceremony in the fall of 2004 with EPA Regions 2 and 1 at the Area Superintendents' Tournament to encourage participants to join Performance Track. Following Colonial Acres' lead, another golf course has started the Performance Track application process. Colonial Acres' membership in Performance Track has also led to partnerships with Audubon International and New York Environmental Leaders.

Johnson & Johnson, headquartered in New Brunswick, New Jersey, manufactures health care products for the consumer, pharmaceutical, and professional markets. A Performance Track Corporate Leader, Johnson & Johnson regularly distributes news about Performance Track electronically to keep member facilities (and other Johnson & Johnson facilities that are interested in joining) engaged and reminded of the value of Performance Track membership. The Performance Track flag and membership materials were displayed at Johnson & Johnson's Global Environmental Health and Safety Summit Conference held in 2005. The company has made presentations and provided information about Performance Track to other businesses, both directly and through recruitment workshops. Business cards that promote Performance Track are provided to Johnson & Johnson member facilities.

Rockwell Collins' C Avenue facility, located in Cedar Rapids, Iowa, manufactures advanced communication and aviation electronics for military markets and for aircraft manufacturers and airlines. Rockwell Collins, a Performance Track Corporate Leader, has developed a strategic plan to encourage other facilities to join Performance Track and provided guidance to internal ISO-certified facilities. The corporate office provides additional guidance during the Performance Track application and annual performance reporting processes. Performance Track facilities receive special recognition during the company's annual Environmental Safety and Health conference, and press releases are issued each time a Rockwell Collins facility joins Performance Track. Several facility managers have volunteered to serve as mentors for other facilities interested in joining the program. The Performance Track logo is prominently displayed on both the Rockwell Collins external and internal websites, and Performance Track flags have been presented to each Rockwell Collins Performance Track facility.

The Strategic Petroleum Reserve is a U.S. Department of Energy complex of four sites created in deep underground salt caverns along the Texas and Louisiana Gulf Coast that hold emergency supplies of crude oil. The reserve, headquartered in New Orleans and managed by DynMcDermott Petroleum Operations Company, is a charter member of

Performance Track. DynMcDermott has given presentations about Performance Track to the Energy Facility Contractors' Organization, promoted Performance Track at important industry events, and participated in regional outreach events to promote the program to prospective members. DynMcDermott is largely responsible for helping at least one other facility join Performance Track. Each of its sites proudly flies the Performance Track flag, and hardhat stickers bearing the Performance Track logo were issued to all employees in 2005 to remind them of their commitment to the program. DynMcDermott displays the Performance Track logo on its website, and the company has committed to 100 percent participation in Performance Track for all its facilities.

LEADING CHANGE AT THE CORPORATE LEVEL

In 2004, EPA established the Performance Track Corporate Leader designation to recognize companies that have multiple facilities in Performance Track and that demonstrate an exceptional corporate-wide commitment to environmental stewardship and continuous improvement. EPA will designate a select number of Performance Track Corporate Leaders each year for a five-year membership. The first three Performance Track Corporate Leaders, announced by EPA in early 2005, are Baxter



Megan Trempe, environmental engineer with 3M ESPE Dental Products, receives a 2005 Performance Track Outreach Award from EPA Region 9 Administrator Wayne Nastri.

FEATURED FACILITY

3M ESPE Dental Products of Irvine, California, a division of 3M Healthcare Markets, employs nearly 300 people and manufactures more than 700 products used by dentists and dental laboratories around the world, such as restorative, adhesive, and crown and bridge materials. The 3M ESPE Dental Products Irvine facility received ISO 14001 certification in 1996 and has been continuously committed to industrial health and safety. The facility is a Charter Member of Performance Track.

In its original application (in 2000) to the Performance Track program, the facility committed to reducing its emissions of the volatile organic compounds methanol and acetic acid by 5 percent in terms of pounds of dental product produced. By 2003, the facility instead reduced these emissions by 50 percent. It accomplished this reduction through source substitution, by installing technology to capture emissions and, in 2002, launching a new dental restorative product that is produced using technologies that condense and capture vapors. The new product allowed the facility to retire an older, less environmentally friendly product.

In 2004, 3M ESPE Dental Products renewed its membership in Performance Track and identified further areas of environmental improvement in reducing discharges to water, hazardous waste,

water use, and packaging materials use.

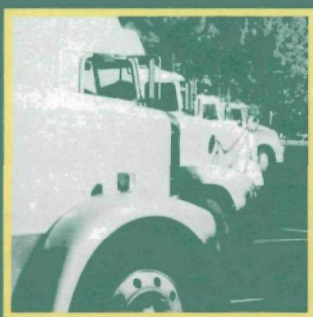


FEATURED FACILITY

International Truck and Engine Corporation, located in Melrose Park, Illinois, employs more than 1,000 people and has produced more than 1 million diesel engines to date. The facility achieved ISO 14001 Certification in 1999 and has been a member of Performance Track since 2001.

In an effort to eliminate chlorinated paraffin, a hazardous chemical, the facility introduced a new tapping machine that uses an alternative process to provide lubrication and cooling of taps, reducing chlorinated paraffin from 15,000 pounds per year in 1999 to zero by 2003. The facility has also eliminated its use of toluene, a toxic chemical used to clean equipment.

International Truck and Engine Corporation renewed its Performance Track membership in 2004, and continues to seek methods to reduce its volatile organic compound (VOC) emissions, as well as continuing to implement programs that reduce the use of hazardous materials.



The Performance Track Participants' Association

In 2001, Performance Track members formed a private, independent membership association that provides a forum for members of the program. Performance Track Participants' Association (PTPA) members exchange information and benchmark best practices with each other, provide suggestions to EPA about the development and implementation of Performance Track incentives, educate and inform the public and other stakeholders of the work being done by Performance Track members, and work on educating policy makers of the important role that Performance Track plays in improving the environment. For more information, visit the association's website at www.ptpaonline.org.

Healthcare Corporation, Johnson & Johnson, and Rockwell Collins. For more information, including selection criteria, see www.epa.gov/performance-track/corporateleaders/.

CORPORATE SOCIAL RESPONSIBILITY

The socially responsible investment community has taken an interest in Performance Track as an indicator of a company's environmental performance and commitment to environmental excellence. Several leading social investment advisory firms include membership in Performance Track among the factors they consider in their rating analysis of companies. For more information, see www.epa.gov/performance-track/benefits/investing.htm.

LEADING CHANGE THROUGH THE LEARNING NETWORK

Performance Track is leading change at facilities by helping members learn from each other and from experts in the field. The program is one of the first at EPA to document and share the best practices of top environmental performers. Performance Track's learning network provides opportunities for face-to-face meetings, topical seminars and meetings, member-to-member mentoring, and access to online tools and resources.

Annual Members' Event

Each year, Performance Track members and EPA officials gather for award ceremonies, panel discussions, and breakout sessions on topics important to Performance Track facilities and partners. This meeting provides opportunities for members to meet EPA Performance Track staff, network with their colleagues, learn about program developments, and share their experiences. The 2005 event, held in Chicago in conjunction with the National Environmental Partnership Summit, was attended by more than 750 people from industry, government, academia, and the non-profit sector.

Regional Meetings

The 10 regional offices hold periodic meetings for Performance Track members. Some regions also host recruitment workshops for facilities interested in learning more about the program, and several have organized special events to recognize top environmental performers. During 2005, EPA Regions 3, 4, 7, 8, 9, and 10 held Performance Track meetings. Region 6's planned meeting was postponed due to Hurricane Katrina.

Teleseminars

All Performance Track members are invited to attend bimonthly seminars, conducted by conference call, on timely and relevant topics. In 2005, teleseminars were held on Life-

Cycle Assessment, the Green Suppliers Network, the benefits of using green power, strategies to help renewing members develop new Performance Track commitments, details on RCRA and related Performance Track incentives, and how Performance Track members reached agreement with their permit officials for reduced monitoring frequencies under the National Pollutant Discharge Elimination System.

Online Newsletter

P-Track News is a newsletter that keeps Performance Track members and key stakeholders informed of new program developments, member achievements, news from the EPA regions, a calendar of upcoming events, and other information of interest to members. Formerly published every two months, *P-Track News* switched to a monthly schedule in 2005. The newsletter now reaches an audience of more than 800 readers.

Resource Center and Case Studies

Performance Track's website provides a Resource Center to help existing and prospective members learn more about EMSs, Performance Track's environmental improvement categories, industry-specific environmental performance resources, and more. The Resource Center also provides case studies highlighting the achievements of selected Performance Track members. The Resource Center is available at: www.epa.gov/performance-track/tools/index.htm.

Performance Track Members and Hurricane Katrina

After Hurricane Katrina tore through Louisiana, Mississippi, and Alabama in late August, Performance Track facilities in the region pitched in to help. Baker Petrolite's Rayne Blend facility in Rayne, Louisiana supplied containers for gasoline, diesel, and water to members of its business community for transport to the relief efforts. "Our main concern at this point is helping those who have come here from further south," said Chris Colburn, environmental health and safety manager at Hunter Douglas Tupelo Center, in Tupelo, Mississippi. "We are all pulling together in a great way. The damage to our state is terrible, but the great American spirit is alive and well."

REGULATORY AND ADMINISTRATIVE INCENTIVES

EPA provides a range of regulatory and administrative incentives to Performance Track members that increase the value of the program to members without reducing environmental protection. These benefits help Performance Track facilities focus on continuous improvement by reducing some of the routine administrative costs of regulation, and by allowing them additional procedural flexibility in certain cases. Performance Track regulatory and administrative incentives can also help regulatory agencies focus their assistance, inspection, and enforce-

ment resources on higher priorities, such as facilities outside of the program that may require closer oversight.

Progress on Incentives in 2005

Within the Agency, Performance Track staff continued to develop relationships with EPA's program offices, holding meetings that led to follow-on activities to pursue specific incentives, partnerships, and issues raised by Performance Track members. Performance Track staff worked with regulatory officials at EPA headquarters and regional offices to help spread implementation of the first Performance Track Rule, and program staff participated frequently in conference calls among RCRA permit writers and regional air toxics coordinators to provide regular updates and encourage them to consider incentives for members.

During 2005, Performance Track and other EPA staff worked extensively with key external organizations, such as ECOS and PTPA, to build support for Performance Track at the state and local level.

Visit www.epa.gov/performance-track/benefits/regadmin.htm for the latest information on regulatory and administrative incentives, including details on adoption and implementation of incentives at the state level.

REPORTING AND MONITORING

Transparency and sound measurement are underlying principles of Performance Track. As a condition of their membership

in the program, Performance Track facilities report annually—and publicly—on their results and major activities undertaken as part of their Environmental Management System (EMS). In addition to monitoring performance through extensive reviews of these annual reports, EPA Performance Track staff and state officials visit a number of the program's member facilities each year. A site visit allows EPA to verify information presented in a facility's application, such as the quality of its EMS, and to review progress toward its performance commitments. EPA provides the facility with an assessment of its performance relative to other facilities in the program, and may suggest opportunities for improvements or partnerships with other technical assistance providers. The site visit also helps EPA and states establish a relationship with the facility's key environmental staff and top management, which may facilitate discussion on ways to improve Performance Track. Performance Track conducted 31 site visits in 2005.

To date, Performance Track has removed a total of 49 facilities from the program: 34 facilities during their membership (22 for reasons related to deficient EMSs and 12 for failing to submit Annual Performance Reports); an additional 15 facilities were not accepted during renewal (8 for non-compliance, 4 for insufficient environmental commitments, 1 due to a deficient EMS, and 2 for other reasons).



CHARTING PROGRESS

WHEN FACILITIES APPLY TO JOIN PERFORMANCE TRACK, they commit to at least four quantitative environmental goals (two for small facilities) that they aim to meet within the three-year term of their membership in the program. They then report annually on their progress toward those commitments, in both actual and normalized terms.

Applicants choose from a range of indicators (shown in Figure 1) in setting their commitments. The indicators are designed to allow facilities to make environmental improvements at any stage in the life-cycle of their products or services, from upstream (e.g., improving the environmental performance of suppliers) to inputs and nonproduct outputs (e.g., decreasing the use of energy or the generation of waste), to downstream improvements, such as decreasing the expected lifetime energy use of products made at the facility.

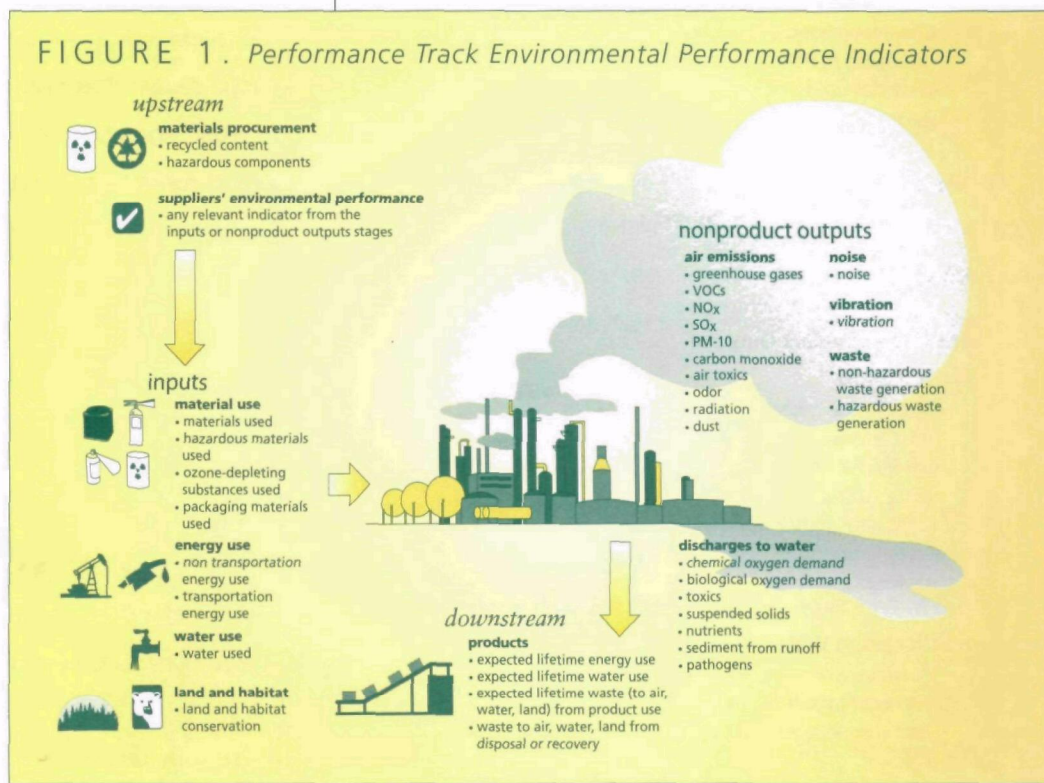
HIGHLIGHTS OF CURRENT MEMBERS' COMMITMENTS

Table 1 summarizes the commitments of facilities accepted into Performance Track by the end of 2005. Collectively, these facilities have pledged to:

- Reduce their materials use by 465,874 tons;
- Reduce their water use by 60.7 billion gallons;
- Reduce their greenhouse gas emissions by more than 81,000 metric tons of carbon dioxide equivalent;

- Reduce their discharges to water by more than 18,000 tons;
- Reduce their hazardous and non-hazardous waste by nearly 418,000 tons; and
- Protect nearly 35,000 acres of land for conservation.

FIGURE 1. Performance Track Environmental Performance Indicators



Applicants to the program chose from among these indicators when setting their performance goals.

HIGHLIGHTS OF MEMBERS' RESULTS REPORTED IN 2005

In 2005, Performance Track members reported on their environmental achievements during 2004. The results demonstrate once again that Performance Track members are dynamic, innovative facilities. Although their environmental performance declined in absolute terms in several areas, such as energy and materials use, they continued to show improve-

TABLE 1. *Performance Track Members' Commitments Accepted Through 2005*

Categories and Indicators	Number of Members with Goals*	Projected Annual Improvement by Year 3 of Membership
Stage: Upstream		
Material Procurement		
Recycled content	45	82,807 tons (increase)
Hazardous/toxic components	8	70 tons
Suppliers' Environmental Performance		
Packaging materials	1	56 tons
Hazardous materials	1	0.28 ton
Land and habitat conservation	1	3,270 acres
Stage: Inputs		
Materials Use		
Hazardous materials	74	8,449 tons
Ozone-depleting substance	5	103 tons
Packaging materials	12	258 tons
Materials used	63	465,874 tons
Water Use		
Total water use	165	60.68 billion gallons
Energy Use		
Non-transportation energy use	196	38.5 million MMBtus**
Transportation energy use	12	83,503 gallons
Land and Habitat		
Land and habitat conservation	45	34,737 acres (increase)
Stage: Nonproduct Outputs		
Air Emissions		
Greenhouse gases	43	81,058 metric tons of CO ₂ equivalent
Volatile organic compounds	59	951 tons
Nitrogen oxides	22	1,755 tons
Sulfur oxides	11	891 tons
Particulate matter (PM-10)	9	309 tons
Carbon monoxide	3	39 tons
Air toxics	22	125 tons
Ozone	2	0.87 ton
Discharges to Water		
Biochemical oxygen demand (BOD)	8	1,965 tons
Chemical oxygen demand	1	1 ton
Total suspended solids	10	14,930 tons
Toxics	16	1,092 tons
Nutrients	2	15 tons
Sediment from runoff	2	300 tons
Waste		
Non-hazardous waste	233	405,708 tons
Hazardous waste	137	12,071 tons
Noise		
Noise	15	242 dBa***
Stage: Downstream		
Products		
Expected lifetime waste (to air, water, land)	2	169 tons
Waste to air, water, land from disposal or recovery	3	501 tons

* Values shown in this column represent the number of members whose goals for an indicator were included in the calculations for projected reductions. Some goals were excluded from the calculations due to missing or nonstandard data.

** MMBTUs = million British thermal units.

*** A-weighted decibels, an expression of the relative loudness of sounds in air as perceived by the human ear.

ments in eco-efficiency.* Note that because Performance Track members report on progress toward their beyond-compliance commitments, any declines in their performance do not imply non-compliance with environmental regulations.

Performance Track facilities are constantly changing and growing as they respond to demand and corporate restructuring. Although some of their environmental results for 2004 may appear to head in the wrong direction, closer examination reveals that these facilities are achieving dramatic environmental improvements while simultaneously growing in size. A facility's environmental footprint may increase as the facility grows, but its efforts to make environmental improvements reduce significantly the size of the footprint per unit of production. Table 2 on page 18 shows the aggregate changes in performance during 2004 by members in those areas where they have made commitments to improve their performance. The *actual* numbers show changes in footprint; they are not indexed to production changes. A separate column shows the *avoidance* levels; these are based on changes in environmental performance per unit of production. The concept of avoidance is illustrated in Figure 2. Performance Track members used 528 million fewer gallons of water in 2004 than in 2003, but in fact they would have increased their water use by 4.3 billion gallons (due to increases in production) if they hadn't made efforts to use water more efficiently.

Note that the aggregate numbers are disproportionately affected by the results of a few facilities of larger-than-average size. An overall decline in performance for a given indicator thus does not necessarily imply that all or even most Performance Track facilities reported declines in performance. The discussion below presents results for the 10 environmental indicators that were chosen by the largest number of Performance Track facilities (i.e., at least 20 facilities reporting).

Use of Recycled Materials

Members increased their use of recycled materials by 42,000 tons in 2004, due in part to their increased focus on working with suppliers to encourage and make possible the use

of recycled materials in the making of products. For example, Madison Chemical Company of Madison, Indiana, entered into a contract with a company to accept used sulfuric acid as a substitute for the virgin acid that the facility had been using to neutralize its wastewater. Madison Chemical also installed different equipment so it could accept the used material.

Material Use

Eighty-five percent of the members that reported on material use commitments showed an improvement in their eco-efficiency; i.e., they used a lower quantity of materials (or of the specific material being measured) per product produced in 2004 than in 2003. The results show that these facilities increased their material use by 125,000 tons in 2004. When production changes are taken into account, however, the facilities actually avoided the use of nearly 4,000 tons of materials in 2004 through improvements in technologies and practices.

Hazardous Material Use

The results indicate that Performance Track facilities increased their use of hazardous materials in 2004. However, 73 percent (51 out of 70) of reporting facilities showed that they reduced their hazardous material use per unit of production and in fact avoided the use of 11,000 tons of hazardous materials. The actual results were skewed by the impact of a single facility, a chemical manufacturer that increased its production by 22 percent in 2004, leading to a 28,000-ton increase in its use of sodium hydroxide. Even in this case, the increase was much less than it would have been had the facility not made some important process changes that avoided the use of 11,000 tons of the material.

Water Use

Performance Track members report that they decreased their water use by 528 million gallons in 2004, despite increases in production. In fact, when changes in production are taken into account, members report that they avoided the use of more than 4 billion gallons of water (see Figure 2). Seventy-

* Eco-efficiency involves producing less waste and fewer emissions per unit of production or other output.

TABLE 2. *Performance Track Members' Results in 2004*

Category and Indicator	Improvements made in 2004 ¹	Avoidance ²	Units	Number of results ³	Number of normalized improvements ⁴
Material Procurement					
Hazardous/toxic components	53	50	tons	3	1
Suppliers' Environmental Performance					
Suppliers' hazardous materials use	0.030	0.030	tons	1	1
Suppliers' packaging use	12	18	tons	1	1
Material Use					
Materials use	(125,468) ⁵	3,763	tons	49	36
Hazardous materials use	(32,579)	10,912	tons	70	51
Ozone-depleting substances	30	28	CFC-11 ⁶ equivalent tons	3	3
Total packaging materials used	(87)	915	tons	15	8
Use of reused/ recycled materials	42,287	N/A	tons	39	N/A
Water Use					
Total water use	527,936,376	4,305,206,523	gallons	108	80
Energy Use					
Energy use (non-transportation)	(21,925,739)	18,935,094	MMBtus	147	96
Transportation energy use	43,362	27,752	gallons	5	3
Land and Habitat					
Land & habitat conservation	1,106	N/A	acres	30	N/A
Air Emissions					
Greenhouse gases	3,933	66,147	MTCO ₂ E	37	28
Volatile organic compounds (VOCs)	(36)	253	tons	40	30
Nitrogen oxides (NO _x)	1,862	2,038	tons	21	20
Sulfur oxides (SO _x)	1,440	1,196	tons	13	10
Particulate matter	84	173	tons	5	4
Carbon monoxide	0.080	0.080	tons	2	1
Air toxics	63	97	tons	18	12
Ozone depleting gases (ODGs)	0.65	0.62	tons	2	2
Discharges to Water					
Discharges of BOD, COD, TSS, nutrients, sediments to water	7,390	14,154	tons	19	12
Discharges of toxics to water	129	224	tons	9	7
Waste					
Non-hazardous waste generation	(21,745)	180	tons	180	116
Hazardous waste generation	791	114	tons	114	71
Noise					
Noise	10	4	dBA	4	N/A
Products					
Expected lifetime waste (to air, water, land) from product use	20	1	tons	1	1
Waste to air, water, land from disposal	140	2	tons	2	2

*Values shown in this column represent the number of members whose goals for an indicator were included in the calculations for projected reductions. Some goals were excluded from the calculations due to missing or nonstandard data.

**A-weighted decibels, an expression of the relative loudness of sounds in air as perceived by the human ear.

¹Represents the difference between 2003 and 2004 actual quantities. The one exception is for Round 7 members. Their baseline year is 2002 and their first-year results actually show the annual differential between 2002 and 2004.

²"Avoidance" is the difference between the actual 2004 level of environmental performance and that which would have resulted if the facilities had not implemented any improvements, i.e., if they had not achieved any improvements in eco-efficiency. It is calculated by multiplying the 2003 level of environmental performance by a factor that represents the change in economic activity between 2003 and 2004, and then by subtracting the actual level of performance in 2004.

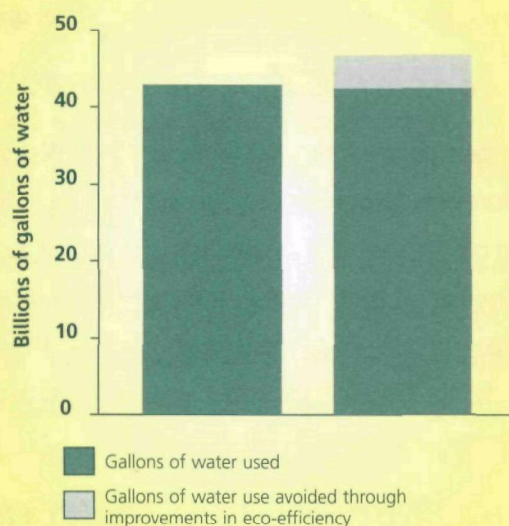
³These numbers represent the number of commitment results included in the analysis, rather than the total number of commitments under the particular indicator. Some members' results are not included in the analysis because their 2004 Annual Performance Reports were not completed by the cut-off date. Other results were excluded from the calculations due to missing or nonstandard data.

⁴These numbers represent the number of results that represented an improvement in eco-efficiency. A lack of improvement can mean the facility's performance either remained unchanged for the year or declined in terms of efficiency.

⁵Numbers in parentheses indicate an overall increase irrespective of production. Numbers in the avoidance column indicate improvements in efficiency.

⁶CFC-11=trichlorofluoromethane (CCl₃F); MMBtus=million British thermal units; MTCO₂E=metric tons of carbon dioxide equivalent; BOD=biochemical oxygen demand; COD=chemical oxygen demand; TSS=total suspended solids; dBA=decibels (acoustic).

FIGURE 2. *Performance Track Members' Water Use and Avoidance in 2004**



* Based on water use from 108 members.

four percent of reporting facilities showed an improvement in water use efficiency. Two major contributors to these results were Freescale Semiconductor of Austin, Texas, which avoided the use of 630 million gallons of water, largely through additions and improvements to its water reclamation system, and International Paper Texarkana Mill in Queen City, Texas, which avoided 889 million gallons through a series of water conservation and management practices.

Energy Use

One hundred forty-seven members reported results on this indicator, the second most frequently chosen environmental commitment after non-hazardous waste generation. Again, this is an indicator where the absolute results belie the efficiency improvements achieved by members. Members that committed to reducing their energy use avoided the use of 19 million MMBtus (19 trillion Btus) in 2004. Members described a myriad of ways in which they reduced their energy demands, such as installing energy-efficient lighting (Interface Flooring Systems, LaGrange, Georgia); installing a heat recovery system on machine exhaust systems (Nexfor Fraser Papers, Madawaska, Maine);

reestablishing vent settings for steam-fired pressure vessels (Firestone Agricultural Tire Company, Des Moines, Iowa); installing a more efficient compressed air system, reducing cooling tower blowdown, and replacing a leaking underground steam line with an insulated above-ground line (Pfizer Incorporated of Terre Haute, Indiana); and installing newer generation variable frequency drives on treated water loop and conservation devices on vending machines (IBM Burlington, Essex Junction, Vermont).

Emissions of Greenhouse Gases

In 2004, members with commitments to reduce greenhouse gases showed an aggregate, actual reduction of 4,000 metric tons of carbon dioxide equivalent (MTCO₂E). With production taken into account, the results show an avoidance of 66,000 MTCO₂E.

In the 2004 reporting period, Performance Track began tracking the greenhouse gas emissions associated with members' energy use commitments. (Those commitments not only reflect changes in energy use, but also may show facilities' increased purchase of renewable fuels.) Those commitments, based on 61 of the facilities that reported energy results in 2004, showed 143,440 MTCO₂E in avoided emissions. When combined with the results of the greenhouse gas commitments, members avoided a total of 209,587 MTCO₂E—the equivalent of removing more than 22,000 cars from the road.

Emissions of Volatile Organic Compounds (VOCs)

Seventy-five percent of members with VOC commitments showed eco-efficiency improvements in this area. While overall emissions increased by 36 tons, these members avoided emitting 253 tons of VOCs. Yamaha Motor Manufacturing Corporation of America in Newnan, Georgia, and Ball Metal Beverage Container Corporation in Golden, Colorado, are two facilities that reduced their VOC emissions on both an actual and a production-adjusted basis. Yamaha Motor decreased VOC emissions related to painting by reducing the amount of paint rework needed, decreasing the length of the paint

FEATURED FACILITY

SEH America of Vancouver, Washington produces high-purity silicon wafers for use in the semiconductor industry. The facility has been a Performance Track member since 2002.

Between 2001 and 2004, the facility reduced its NO_x emissions from 35,175 pounds to 17,042 pounds (a 51 percent decrease) and, when the increases in wafer production are taken into account, showed a 64 percent improvement in NO_x efficiencies. Over the course of those first three years of its membership, the facility achieved continual improvement by upgrading NO_x monitoring systems, improving the efficiency of its scrubber systems, and implementing boiler conservation improvements.

In its 2005 renewal application to the program, SEH America made aggressive commitments to reduce its use of energy by 11 percent (from approximately 1 million MMBTUs to 896,715 MMBTUs), water use by 5 percent (from approximately 1.05 billion gallons to 1.00 billion gallons), isopropanol use by 52 percent (from 125.5 tons to 60 tons), and the use of chromium (baseline level of 691 pounds) entirely.



line, and increasing the use of robotic painting. The Ball Metal Beverage Container facility's improvement activities included substituting materials containing lower amounts of VOCs and installing a new, more efficient regenerative thermal oxidizer.

Emissions of Nitrogen Oxides

Members reduced their NO_x emissions by 1,900 tons in 2004. Moreover, 95 percent (20 out of 21) of the facilities reporting on this indicator showed eco-efficiency improvements. The largest contributor to the total 2004 tally was Blue Ridge Paper Products of Canton, North Carolina. This facility reduced its NO_x emissions by 1,423 tons by converting the burners in two boilers to low-NO_x models.

Non-Hazardous Waste Generation

One hundred eighty facilities reported on their efforts to reduce their non-hazardous waste, more than for any other indicator. While the total amount of solid waste for these facilities increased in aggregate by 22,000 tons, members reported an avoidance of 451,000 tons. This indicator provides another example of the effect that one or two facilities can have on the overall results of the program. One large facility's increase in production led to a 222,000-ton increase in its waste, although in eco-efficiency terms it reported an avoidance of 103,000 tons. Similarly, another facility increased its total waste by 53,000 tons, but avoided 39,000 tons. These facilities produced a great deal more product in 2004 than in 2003, but with significantly lower incremental impact on the environment.

Hazardous Waste Generation

Performance Track members reduced their hazardous waste in both footprint (791 tons reduced) and eco-efficiency terms (2,232 tons avoided). Endicott Interconnect Technologies in Endicott, New York, achieved its goal for reducing hazardous waste by such projects as improving the nozzle configuration in its screen cleaner tool and using a closed loop system for the use of cupric chloride.

CAVEATS TO THE 2004 RESULTS

1. While data are self-reported by member facilities and not verified by EPA, members are expected to apply appropriate monitoring and measurement techniques and are required to sign off on the validity of their performance reports.

2. Although EPA asks for exact figures, some facilities submit rounded data.

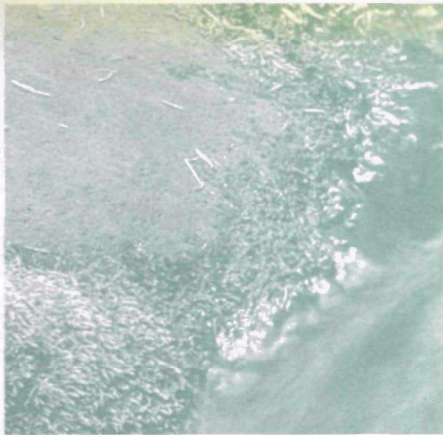
3. The avoidance figures in the summary of 2004 results are based on the normalizing factors calculated and provided by individual facilities. A facility's avoidance figures for 2004 were calculated by dividing the 2004 normalizing factor by the 2003 normalizing factor, multiplying that result by the 2003 performance level, and then calculating the difference between that product and the actual 2004 results. Thus, the accuracy of the avoidance figures depends on both the accuracy of the reported actual results and the reported 2003 and 2004 normalizing factors. Normalizing is an inexact science. Normalizing factors often tell an incomplete story about changes in produc-

tion in a facility, and they often fail to explain fully the causes of environmental pollution or resource consumption.

4. Approximately 8 percent of member facilities' commitments relate to a specific process rather than to the facility as a whole. For example, a facility may have committed to reducing its VOC emissions from a particular production line by 50 percent. The numbers reported in this document thus reflect the commitments made and the results relevant to those commitments. Therefore, it would be a misinterpretation of the data to assume that a demonstrated improvement represents, or could be projected to represent, the performance of entire facilities.

5. Similarly, facilities' commitments may relate to one "component" of an environmental indicator rather than to the indicator as a whole. For example, a facility may commit to reducing one particular waste stream or one particular toxic air emission rather than to reducing its total solid waste or all releases of toxic chemicals. The parameters of each facility's commitments may be determined by viewing its application and/or annual performance reports at www.epa.gov/performance/track/particip.

"Going beyond compliance to achieve our environmental goals establishes a collaborative relationship with our regulators. It establishes a climate of respect and trust with the community. It keeps the people who live near you comfortable that you are not polluting."



WALLY DOWS

Representative, Marathon Ashland Petroleum, LLC, Garyville Refinery

CONCLUSION

THROUGHOUT 2005, PERFORMANCE TRACK FOCUSED ON leading change within EPA and state environmental agencies by building support for the program's innovative approaches, broadening the implementation of its incentives, and increasing the value that members and partners, such as states, can expect to get from their investment of time and resources. As more states begin to implement Performance Track incentives, the business case for participating in the program becomes more compelling, and more facilities will be motivated to improve their performance beyond environmental requirements.

Membership in the program grew by 33 percent in 2005, and members reported another year of impressive voluntary environmental achievements. The results reported in 2005 (for the 2004 reporting year) highlight the complex challenges faced by facilities in meeting their Performance Track commitments when their production increases. Many of the commit-

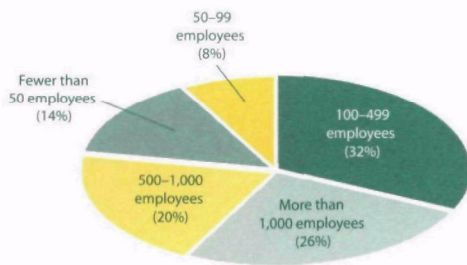
ments made by members, such as improvements in energy and water use, or the generation of solid waste, are tied directly to production. In most cases, Performance Track members succeeded in improving their eco-efficiency, producing less waste and fewer emissions per unit of production and thus avoiding many tons of pollution than otherwise would have occurred.

Looking ahead, Performance Track and its partners will continue to build a stronger coalition of support and a more solid base for continued growth and development. The program will also work with members to continue to improve measurement and transparency, along with an increased focus on environmental priorities. Performance Track goes into the new year as a healthy and maturing program, prepared to continue leading EPA toward new models of environmental protection.

ABOUT PERFORMANCE TRACK

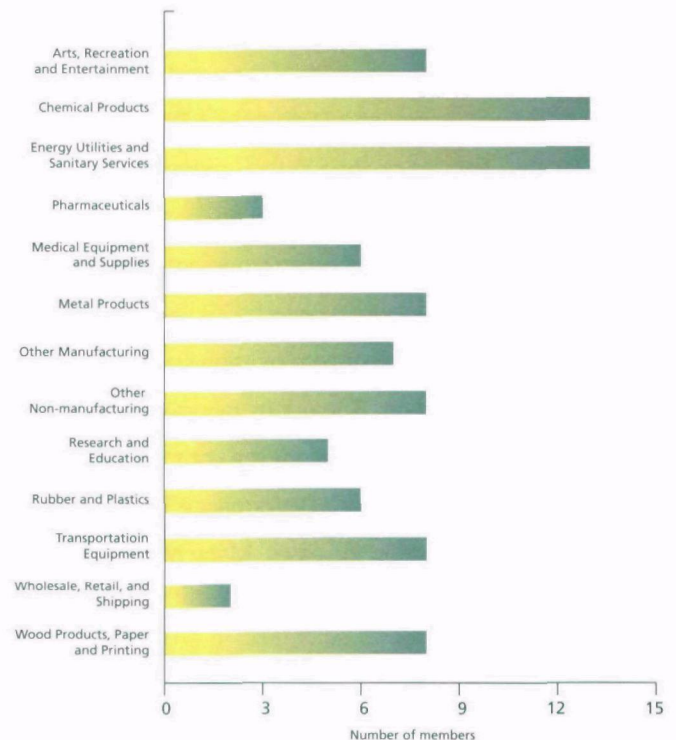
LAUNCHED IN JUNE OF 2000, the National Environmental Performance Track ("Performance Track") is a partnership program that recognizes and rewards private and public facilities that demonstrate strong environmental performance beyond current requirements. Performance Track promotes a collaborative, performance-based system of environmental protection in which top performers are treated differently, and is designed to augment the existing regulatory system by creating additional incentives for facilities to achieve environmental results beyond those required by law.

To qualify, applicants must have implemented an independently assessed Environmental Management System, have a record of sustained compliance with environmental laws and regulations, commit to achieving measurable environmental results, and provide information to the local community on their environmental activities. They must pass a careful evaluation process, which includes a thorough compliance screening



by EPA, the states in which the applicant is located, and the Department of Justice; additionally, EPA regional offices and the Office of Enforcement and Compliance Assurance concur in every decision made regarding membership in the program. Members are subject to the same environmental performance requirements as other regulated facilities. In some cases, EPA and states have reduced routine reporting or given some flexibility to program members in how they meet regulatory requirements. This approach is recognized by more than 20 states that have adopted similar performance-based leadership programs.

At the end of 2005, Performance Track had 371 members in 46 states and Puerto Rico. Member facilities represent virtually every manufacturing sector, as well as public-sector facilities at the federal, state, and local levels.



The program is operated by a core staff in EPA's Office of Policy, Economics, and Innovation, and by Performance Track coordinators in each of the Agency's 10 regional offices. EPA staff work with state environmental agencies to review applications for the program, conduct site visits at member facilities, promote Performance Track and similar state performance-based programs, and develop program policy.

Any facility, large or small, public or private, in the United States and its territories may apply for membership in Performance Track. The program accepts applications twice per year, from April 1 to May 31, and from September 1 to October 31.

For more information, visit the program's website at www.epa.gov/performance-track.

PERFORMANCE TRACK MEMBERS

As of March 1, 2006

(continued from inside front cover)

IBM – Burlington
 Ideal Jacobs Corporation
 IMCO Recycling – Saginaw, A
 Subsidiary of Aleris International,
 Inc.
 Indiantown Cogeneration, L.P.
 Infineon Technologies Richmond, LLP
 Intel Arizona – Ocotillo Campus
 Intel Corporation – Colorado
 Intel Massachusetts, Inc.
 Interface Fabrics, Inc. – East Douglass
 Facility
 Interface Fabrics, Inc. – Guilford
 Facility
 Interface Flooring Systems, Inc.
 International Paper – Pine Bluff Mill
 International Paper – Bucksport Mill
 International Paper – Franklin Mill
 International Paper – Vicksburg Mill
 International Paper – Courtland Mill
 International Paper – Eastover Mill
 International Paper – Georgetown Mill
 International Paper – Androscoggin
 Mill
 International Paper – Mansfield Mill
 International Rectifier HEXFET America
 Facility
 International Rectifier – El Segundo
 International Truck and Engine
 Corporation
 INX International Ink Co.
 Itron, Inc.
 Janssen Ortho, LLC
 Janssen Pharmaceutica
 Jefferson County Commission General
 Services Department
 John C. Stennis Space Center
 John Deere Davenport Works
 John Zink Company, LLC
 Johnson & Johnson Pharmaceutical
 Research & Development, LLC – La
 Jolla
 Johnson & Johnson Pharmaceutical
 Research & Development, LLC
 – Spring House
 Johnson & Johnson World
 Headquarters
 J&J Merck
 Karl Schmidt Unisia, Inc. – Fort Worth
 Facility
 Kodak Colorado Division
 LA-Z-BOY UTAH
 Lafarge Aggregates SE – Douglasville
 Quarry
 Lafarge Building Materials
 Lake Amistad Resort & Marina
 Lake Crescent Lodge
 Lake Don Pedro Marina, LLC
 Lake of the Ozarks Marina
 Lansing Cleaners
 LifeScan LLC
 LifeScan, Inc.
 Lincoln Plating
 Lockheed Martin Aeronautics
 Company – Marietta
 Lockheed Martin Aeronautics
 Company – Palmdale
 Lockheed Martin Maritime System
 and Sensors – Moorestown
 Lockheed Martin Maritime Systems
 and Sensors – Baltimore
 Lockheed Martin Maritime Systems
 and Sensors – Liverpool
 Lockheed Martin Maritime Systems
 and Sensors – Manassas
 Lockheed Martin Missiles and Fire
 Control
 Lockheed Martin Missiles and Fire
 Control – Dallas Operation

Lockheed Martin Missiles and Fire
 Control – Orlando
 Lockheed Martin Space Systems
 Company – Waterton Plant
 Lockheed Martin Systems Integration
 – Owego
 Louisiana-Pacific Corporation
 – Carthage OSB Plant
 Louisiana-Pacific – Hines Engineered
 Wood Products
 Louisiana-Pacific – Houlton OSB
 Louisiana-Pacific – Jasper OSB
 Louisiana-Pacific – Roxboro
 Louisiana-Pacific – Tomahawk,
 Engineered Wood Siding
 Louisiana-Pacific – Two Harbors,
 Engineered Siding
 Louisiana-Pacific – Wilmington EWP
 Louisiana-Pacific – Middlebury
 Madison Chemical Co., Inc.
 Madison Precision Products
 Majestic Metals, Inc.
 Mammoth Cave Hotel
 Management and Engineering
 Services, LLC
 Marathon Petroleum Company
 – Louisiana Refinery Division
 Marathon Petroleum Company, LLC
 – Corporate Office
 Marina at Lake Meredith
 McNeil Consumer & Specialty
 Pharmaceuticals – Las Piedras
 McNeil Consumer & Specialty
 Pharmaceuticals – Fort Washington
 MD Anderson Cancer Center
 Mead Westvaco Corporation
 Consumer and Office Product
 Group
 Michelin NA – Sandy Springs
 Michelin NA – Starr
 Michelin North American –
 Spartanburg Manufacturing
 Michelin North America, Inc.
 – Ardmore
 Michelin North America, Inc. – Dothan
 Michelin North America, Inc. –
 Greenville Manufacturing Facility
 Mitek Products (West)
 Moccasin Point Marina, LLC
 Mohawk Paper Mills
 Monsanto Company – Augusta
 Monsanto Company – Luling, LA
 Facility
 Monsanto Company – Muscatine,
 Iowa Plant
 Montanay Bay, LLC
 Montanay Energy Resources of
 Montgomery County, Inc.
 Montanay York Resource Energy
 Systems, LLC
 Motorola GTSS – Ocotillo
 Motorola IL02
 Motorola, Inc. – Fort Worth Facility
 Motorola, Inc. – Plantation
 Motorola, Oak Hill
 MT Picture Display Corporation of
 America
 NASA Ames Research Center
 National Renewable Energy Laboratory
 Naval Air Depot – Cherry Point NC
 Naval Air Depot – North Island Naval
 Air Station
 Naval Air Engineering Station
 Naval Undersea Warfare Center
 Division
 Nestle USA – Danville
 New Hampshire Ball Bearings, Inc.
 – Peterborough
 New Hampshire Ball Bearings, Inc.
 – Chatsworth

New Hampshire Ball Bearings, Inc.
 – Astro Division
 Nexfor Fraser Papers, Inc.
 Nitinol Devices and Components
 Noramco-Athens
 Norco Cleaners, Inc.
 Novozymes North America, Inc.
 Nucor Steel Auburn, Inc.
 Ortho-Clinical Diagnostics – Raritan
 Ortho-Clinical Diagnostics – Rochester
 Ortho-McNeil Pharmaceutical
 Ortho Biologics, LLC
 Ortho- Pharmaceutical, a Division of
 OMJ Pharmaceuticals, Inc.
 Oram Sylvania Products Inc.
 Pacific Northwest National Laboratory
 PerkinElmer Optoelectronics
 Pfizer Global Manufacturing
 Pfizer Incorporated Terre Haute
 Pfizer Pharmaceuticals, LLC
 – Barceloneta
 Pfizer Pharmaceuticals, LLC – Cruce
 Davilla Facility
 Pfizer Pharmaceuticals LLC – Vega Baja
 Pfizer, Inc. – Lincoln
 Pfizer, Inc. – White Hall
 Pfizer, Inc. – Lititz
 Pfizer, La Jolla Laboratories
 Pinewood Cove Resort
 Plastech Engineered Products, Inc.
 Port of Houston Authority Barbours
 Cut Terminal
 Port of Houston Authority Central
 Maintenance Facility
 PPG Industries Inc.
 Pratt & Whitney – HMI – Clayville
 Pratt & Whitney – North Berwick Parts
 Center
 Pratt & Whitney/ Pratt & Whitney
 Rocketdyne
 PRIZIM, Inc.
 PRO-TEC Coating Company
 Raytheon, Aurora
 Republic Metals Corporation
 Ricoh Electronics, Inc. – OMG
 Ricoh Electronics, Inc. – RSG/TMG
 Rockwell Collins
 Rockwell Collins – Atlanta Service
 Center
 Rockwell Collins Avionics – Melbourne
 Campus
 Rockwell Collins, Inc. – Wichita Service
 Center
 Rockwell Collins, Inc. – 35th Street
 Operations
 Rockwell Collins, Inc. – Bellevue
 Operations
 Rockwell Collins, Inc. – C Avenue
 Operations
 Rockwell Collins, Inc. – Coralville
 Operations
 Rockwell Collins, Inc. – Decorah
 Operations
 Rockwell Collins, Inc. – Manchester
 Operations
 Rocky Mountain Park Company/
 Holiday Inn Rocky Mtn. Park
 Rohm and Haas – La Mirada Plant
 Rohm and Haas – Kankakee Polymer
 Plant
 Rohm and Haas Electronic Materials,
 LLC
 Ryder Transportation Services, Inc.
 – Beaumont
 Ryder Transportation Services, Inc.
 – Channelview
 Ryder Transportation Services, Inc.
 – Houston
 Ryder Transportation Services, Inc.
 – Houston-Wallisville
 San Antonio Missions National
 Historical Park
 Sanmina – SCI Corporation Plant
 Schering-Plough Animal Health
 Corporation – Baton Rouge

Schering-Plough Products, LLC – Las
 Piedras Operations
 SEH America
 SEMASS Resource Recovery Facility
 Sharp Manufacturing Company of
 America
 Signal Mountain Lodge
 Siltronic Corporation
 Simpson Tacoma Kraft Company
 Smithfield Transportation Co.
 – Smithfield Division
 Southeastern Connecticut Resource
 Recovery Facility
 Southfork Asset Management
 Spartech Plastics – Paulding
 Spartech Plastics – Arlington Texas
 Spartech Plastics, LLC – Muncie
 Spartech Polycorn-Lockport, NY
 Spartech Polycorn Donora Plant 1
 Stanley Fastening Systems
 Stanley Furniture Company – Martinsville
 Division
 Stanley Tools – Pittsfield Plant
 Stora Enso North America Duluth Paper
 Mill and Recycled Pulp Mill
 Taft Manufacturing Company
 Tate & Lyle Sucralose, Inc.
 TDK Components USA, Inc.
 Temple Inland-Maysville Paper Mill
 Teradyne, Inc. – NR
 Texas Instruments Incorporated, Sensors
 & Controls
 Tomah Reserve, Inc.
 The Top-Flite Golf Company
 Torque-Traction Manufacturing
 Technologies, Inc.
 TransCanada Hydro Northeast Inc.
 Trinity Lake Resort & Marina
 United Waste Water Services, Inc.
 UPM – Blandin Mill
 U.S. Borax – Wilmington Operations
 U.S. Borax, Inc. – Boron Operations
 U.S. Borax, Inc. – Valencia Corporate
 Facility
 U.S. Borax, Inc. – Owens Lake Operations
 U.S. Coast Guard Air Station Cape Cod
 U.S. Department of Energy &
 DynMcDermott Petroleum Operations
 Company
 U.S. Department of Energy, West Valley
 Demonstration Project
 U.S. Steel Clairton Works
 Vectron International, A Dover Company
 Verkamp's, Inc.
 Vastakon
 Wafertech LLC
 Wallowa Whitman National Forest
 Washington State University
 Webasto Roof Systems Inc.
 Webco Industries, Inc.
 Weyerhaeuser Structurwood, Grayling
 World Resources Company, Pottsville,
 PA
 Xanterra at Mt. Rushmore National
 Memorial
 Xanterra Parks & Resorts at Bryce
 Canyon Lodge
 Xanterra Parks & Resorts at Grand
 Canyon Lodge
 Xanterra Parks & Resorts at
 Yellowstone National Park
 Xanterra Parks & Resorts at Zion Lodge
 Xanterra South Rim, LLC
 Xerox Oklahoma City Supplies
 Manufacturing Plant
 Yamaha Motor Manufacturing
 Corporation of America
 Yankee Freedom II – Dry Tortugas
 National Park Ferry
 YH America, Inc.
 YSI Incorporated