DARLING INTERNATIONAL INC
Form S-4
February 02, 2006

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As filed with the Securities and Exchange Commission on February 2, 2006

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

DARLING INTERNATIONAL INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**2070**	**36-2495346**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

251 O Connor Ridge Blvd., Suite 300
Irving, Texas 75038
(972) 717-0300
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Joseph R. Weaver, Jr.
General Counsel and Secretary
Darling International Inc.
251 O Connor Ridge Blvd., Suite 300
Irving, Texas 75038
(972) 717-0300
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

Mary R. Korby
Weil, Gotshal & Manges LLP
200 Crescent Court, Suite 300
Dallas, Texas 75201
(214) 746-7700

G.R. Rick Neumann
Nyemaster Goode West Hansell & O Brien PC
700 Walnut Street, Suite 1600
Des Moines, Iowa 50309
(515) 283-3100

Approximate date of commencement of proposed sale to the public: At the effective time of the acquisition referred to herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, par value $0.01 per share	20,000,000	N/A	$70,500,000	$7,543.50

(1) The shares of Common Stock to be registered consist of shares to be issued to National By-Products, LLC in consideration of the sale by National By-Products to the Registrant of substantially all of National By-Products assets. Under the terms of the asset purchase agreement between the Registrant and National By-Products, the number of shares to be issued cannot be determined until the date of such acquisition. Therefore, the number of shares to be issued is currently an estimate.

(2) Pursuant to Rule 457(o), the maximum aggregate offering price is used to calculate the registration fee. The maximum aggregate offering price of the shares of Common Stock is based on the maximum aggregate stock consideration to be paid in the acquisition pursuant to the asset purchase agreement between the Registrant and National By-Products.

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

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This joint proxy statement/ prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under securities laws of such State.

ASSET ACQUISITION PROPOSED YOUR VOTE IS VERY IMPORTANT

As we previously announced, the board of directors of Darling International Inc. and the board of managers of National By-Products, LLC have each unanimously approved a transaction whereby Darling will purchase substantially all of the assets of National By-Products.

In the acquisition, Darling will pay National By-Products $70.5 million in cash and an amount of Darling common stock equal to 20% of the outstanding shares of Darling common stock calculated on a fully diluted basis. Darling s stock is listed on the American Stock Exchange, which we refer to as the AMEX. On [ ], 2006, the closing sales price of Darling s common stock, which trades on the AMEX under the symbol DAR, was $[ ] per share.

For a discussion of the risks relating to the acquisition, see Risk Factors beginning on page 18 of the joint proxy statement/ prospectus.

A special meeting of Darling stockholders is being held to approve the asset purchase agreement and the issuance of the shares of Darling common stock that will be issued in accordance with the asset purchase agreement, dated as of December 19, 2005, by and among Darling, National By-Products, and a wholly-owned subsidiary of Darling, as a portion of the consideration to be paid at the closing of the acquisition and that may be issued as contingent consideration for the acquisition. A special meeting of National By-Products unitholders is being held to approve the acquisition contemplated by the asset purchase agreement. Information about these meetings and the acquisition is contained in this joint proxy statement/ prospectus. We encourage you to read this entire joint proxy statement/ prospectus carefully, as well as the annexes and information incorporated by reference herein.

We cordially invite the National By-Products unitholders to attend National By-Products special meeting of unitholders at which the National By-Products unitholders will be asked to vote to approve the acquisition. **The National By-Products board unanimously recommends that the National By-Products unitholders vote *FOR* the acquisition at the special meeting.**

We cordially invite the Darling stockholders to attend Darling s special meeting of stockholders at which the Darling stockholders will be asked to vote to approve the asset purchase agreement and the issuance of shares of Darling common stock as a portion of the consideration in the acquisition. **The Darling board unanimously recommends that the Darling stockholders vote *FOR* the asset purchase agreement and the issuance of shares of Darling common stock at the special meeting.**

Randall C. Stuewe	Mark A. Myers
Chairman and Chief Executive Officer	President
Darling International Inc.	National By-Products, LLC

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the acquisition described in this joint proxy statement/ prospectus or the securities to be issued pursuant to the acquisition or determined that this joint proxy statement/ prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/ prospectus is dated [ ], 2006 and, together with the accompanying proxy card, is being first mailed to Darling stockholders and National By-Products unitholders on or about [ ], 2006.

DARLING INTERNATIONAL INC.
251 O Connor Ridge Blvd., Suite 300
Irving, Texas 75038
Telephone: (972) 717-0300

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD [ ], 2006

Dear Darling Stockholder:

A special meeting of stockholders of Darling International Inc., a Delaware corporation, will be held on [ ], [ ], 2006, at [ ] a.m., Central Time, at [ ].

At the special meeting, you will be asked to:

1. approve and adopt the asset purchase agreement, dated as of December 19, 2005, by and among Darling, National By-Products, LLC and a wholly-owned subsidiary of Darling, and the transactions contemplated by the asset purchase agreement, including the issuance of shares of Darling common stock in accordance with the asset purchase agreement; and

2. consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the above proposal.

The accompanying joint proxy statement/ prospectus describes the asset purchase agreement and the proposed acquisition in detail. We urge you to review the joint proxy statement/ prospectus carefully.

The board of directors has set the close of business on [ ], 2006, as the record date for determining stockholders entitled to receive notice of the special meeting and to vote at the special meeting and any adjournments or postponements thereof.

We will admit to the special meeting (1) all stockholders of record at the close of business on [ ], 2006, (2) persons holding proof of beneficial ownership as of that date, such as a letter or account statement from the person s broker, (3) persons who have been granted valid proxies and (4) the other persons that we, in our sole discretion, may elect to admit. **All persons wishing to be admitted must present photo identification.** If you plan to attend the special meeting, please check the appropriate box on your proxy card or register your intention when voting by using the telephone or voting on the Internet, according to the instructions provided on the enclosed proxy card.

By order of the board of directors,

Joseph R. Weaver, Jr.
Secretary

[ ], 2006

YOUR VOTE IS IMPORTANT

Please return your proxy as soon as possible, whether or not you expect to attend the special meeting in person. You may submit your proxy by using the telephone, by the Internet or by completing, dating and signing the enclosed proxy card and returning it in the enclosed postage prepaid envelope.

You may revoke your proxy at any time before the special meeting. If you attend the special meeting and vote in person, your proxy vote will not be used.

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NATIONAL BY-PRODUCTS, LLC
907 Walnut St., Suite 400
Des Moines, Iowa 50309
Telephone: (515) 288-2166

NOTICE OF SPECIAL MEETING OF UNITHOLDERS
TO BE HELD [ ], 2006

Dear National By-Products Unitholder:

A special meeting of unitholders of National By-Products, LLC, an Iowa limited liability company, will be held on [ ], [ ], 2006, at [ ] a.m., Central Time, at [ ].

At the special meeting, you will be asked to:

1. approve and adopt the asset purchase agreement, dated as of December 19, 2005, by and among Darling International Inc., National By-Products and a wholly-owned subsidiary of Darling, and the transactions contemplated by the asset purchase agreement, including an amendment to the articles of organization of National By-Products to change its name to West-end Liquidation, LLC effective upon closing of the acquisition; and

2. consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the above proposal.

The accompanying joint proxy statement/ prospectus describes the asset purchase agreement and the proposed acquisition in detail. We urge you to review the joint proxy statement/ prospectus carefully.

The board of managers has set the close of business on [ ], 2006, as the record date for determining unitholders entitled to receive notice of the special meeting and to vote at the special meeting and any adjournments or postponements thereof.

Under Iowa law and the operating agreement of National By-Products, unitholders of record who deliver to National By-Products, before the vote referred to in this joint proxy statement/ prospectus is taken, written notice of the unitholder s intent to demand payment if the acquisition is consummated and who do not vote in favor of the acquisition are entitled to appraisal rights in connection with the acquisition if the acquisition is completed. In order to exercise your appraisal rights you must comply with the applicable provisions of Division XIII of the Iowa Business Corporation Act (a copy of which can be found in Annex D of this joint proxy statement/ prospectus).

We will admit to the special meeting (1) all unitholders of record at the close of business on [ ], 2006, (2) persons who have been granted valid proxies and (3) the other persons that we, in our sole discretion, may elect to admit.

By order of the board of managers,
Carlton T. King
Secretary

[ ], 2006

YOUR VOTE IS IMPORTANT

Please return your proxy as soon as possible, whether or not you expect to attend the special meeting in person. You may submit your proxy by completing, dating and signing the enclosed proxy card and returning it in the enclosed postage prepaid envelope.

You may revoke your proxy at any time before the special meeting. If you attend the special meeting and vote in person, your proxy vote will not be used.

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THIS JOINT PROXY STATEMENT/ PROSPECTUS INCORPORATES ADDITIONAL INFORMATION

This joint proxy statement/ prospectus incorporates business and financial information about Darling from other documents filed with the Securities and Exchange Commission, which we refer to as the SEC, that are not included in or delivered with this joint proxy statement/ prospectus. For a listing of the documents incorporated by reference into this joint proxy statement/ prospectus, see Where You Can Find More Information beginning on page 115.

You may obtain documents incorporated by reference into this joint proxy statement/ prospectus, without charge, by requesting them in writing or by telephone from Darling at the following address and telephone number:

Darling International Inc.
251 O Connor Ridge Blvd., Suite 300
Irving, Texas 75038
Attn: Brad Phillips, Treasurer
Telephone: (972) 717-0300
e-mail: BPhillips@darlingii.com

To receive timely delivery of the documents before your special meeting, you must request them no later than [ ], 2006 to receive them before your special meeting.

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QUESTIONS AND ANSWERS ABOUT THE ACQUISITION

Q1: What is the proposed transaction for which I am being asked to vote?

A1: If you are a Darling stockholder you are being asked to vote to approve an asset purchase agreement entered into among Darling International Inc., National By-Products, LLC and a wholly-owned subsidiary of Darling, and the transactions contemplated by the asset purchase agreement, including the issuance of shares of Darling common stock in accordance with the asset purchase agreement. If you are a National By-Products unitholder you are being asked to vote to approve the asset purchase agreement among Darling, National By-Products and a wholly-owned subsidiary of Darling, and the transactions contemplated by the asset purchase agreement, including an amendment to the articles of organization of National By-Products to change its name to West-end Liquidation, LLC effective upon closing of the acquisition. The asset purchase agreement contemplates the purchase of substantially all of the assets of National By-Products by a newly formed and wholly-owned subsidiary of Darling. When the acquisition occurs, National By-Products will receive the acquisition consideration and distribute the acquisition consideration, less certain amounts, to its unitholders. See The Asset Purchase Agreement Consideration beginning on page 61.

Q2: Why did the companies enter into the asset purchase agreement?

A2: Darling and National By-Products entered into the asset purchase agreement with the expectation that the acquisition will result in mutual benefits including, among other things, increasing revenue, diversifying raw material supplies and creating a larger platform to grow the restaurant services segment.

Q3: What vote is required for approval of the proposals under consideration at the special meetings?

A3: The asset purchase agreement and the issuance of shares of Darling common stock in the acquisition must be approved by a majority of the outstanding shares of Darling common stock and the asset purchase agreement must be approved by a majority of the outstanding National By-Products membership units. Therefore, if you abstain or fail to vote, the effect will be the same as voting against the applicable proposal. You are entitled to vote on the applicable proposal if you held Darling common stock at the close of business on the Darling record date, which is [ ], 2006, or National By-Products membership units at the close of business on the National By-Products record date, which is [ ], 2006. On those dates, [ ] shares of Darling common stock and 1,206,313 National By-Products membership units, respectively, were outstanding and entitled to vote. The adjournment proposal for each of the Darling stockholders and the National By-Products unitholders must be approved by the affirmative vote of a majority of the shares of Darling common stock or National By-Products membership units, as applicable, present in person or by proxy at the applicable special meeting, without regard to abstentions, even if there is no quorum at that meeting.

Q4: What do I need to do now?

A4: After carefully reading and considering the information contained in this joint proxy statement/ prospectus, please vote your shares or units, as applicable, as soon as possible so that your shares or units, as applicable, will be represented at your company s special meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares or units, as applicable, are held in the name of your broker or other nominee.

Q5: How do I vote?

A5: If you are a Darling stockholder, you may vote before your special meeting in one of the following ways:

use the toll-free number shown on your proxy card;

visit the website shown on your proxy card to vote via the Internet; or

complete, sign, date and return the enclosed proxy card in the enclosed postage prepaid envelope.

If you are a National By-Products unitholder, you may only vote before your special meeting by completing, signing, dating and returning the enclosed proxy card in the enclosed postage prepaid envelope.

Q6: If my shares are held in street name by my broker or other nominee, will my broker or nominee vote my shares for me?

A6: Your broker will vote your shares only if you provide instructions to your broker on how to vote. You should instruct your broker to vote your shares by following the directions provided to you by your broker. Without instructions, your broker will not vote any of your shares held in street name and the effect will be the same as a vote against the acquisition. See The Special Meetings beginning on page 35.

Q7: What if I do not vote on the matters relating to the acquisition?

A7: If you are a Darling stockholder and you fail to respond with a vote or fail to instruct your broker or other nominee how to vote on the acquisition proposal, it will have the same effect as a vote against the acquisition proposal. If you respond but do not indicate how you want to vote on the acquisition proposal, your proxy will be counted as a vote in favor of the acquisition proposal. If you respond and indicate that you abstain from voting on the acquisition proposal, your proxy will have the same effect as a vote against the acquisition proposal.

If you are a National By-Products unitholder and you fail to respond with a vote, it will have the same effect as a vote against the acquisition proposal. If you respond but do not indicate how you want to vote on the acquisition proposal, your proxy will be counted as a vote in favor of the acquisition proposal. If you respond and indicate that you abstain from voting on the acquisition proposal, your proxy will have the same effect as a vote against the acquisition proposal.

Q8: May I change my vote after I have delivered my proxy card?

A8: Yes. You can change your vote at any time before we vote your proxy at your special meeting. You can do so in one of the following ways:

by sending a notice of revocation to the corporate secretary of Darling or National By-Products, as applicable;

by sending a completed proxy card bearing a later date than your original proxy card; or

by attending your special meeting and voting in person.

If you are a Darling stockholder you can also change your vote at any time before we vote your proxy at your special meeting by logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so and by following the instructions on the proxy card.

Your attendance alone will not revoke any proxy.

If you choose to change your vote using any of the methods above, other than by attending your special meeting and voting in person, you must take the described action no later than the beginning of your special meeting or no later than the time indicated on your proxy card.

If your shares are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

Q9: If I hold National By-Products membership units, should I send them in order to receive the acquisition consideration?

A9: No. You do not need to turn in your membership units or take other action to receive the acquisition consideration. The acquisition consideration will be sent to you by National By-Products subject to

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retention of such amounts by National By-Products as determined by its board of managers to be appropriate for purposes of satisfying obligations of National By-Products.

Q10: Why am I receiving this document?

A10: We are delivering this document to you as both a joint proxy statement of Darling and National By-Products and a prospectus of Darling. It is a joint proxy statement because each of Darling s board of directors and National By-Products board of managers is soliciting proxies from its stockholders and unitholders, respectively. It is a prospectus because Darling will issue shares of its stock to National By-Products in the acquisition.

Q11: Who should I call if I have additional questions or need additional copies of the joint proxy documents?

A11: If you are a Darling stockholder and you would like additional copies of this joint proxy statement/ prospectus or a new proxy card or if you have questions about the acquisition, you should contact Brad Phillips at (972) 717-0300.

If you are a National By-Products unitholder and you would like additional copies of this joint proxy statement/ prospectus or a new proxy card or if you have questions about the acquisition, you should contact David Pace at (515) 288-2166.

SUMMARY

THE FOLLOWING SUMMARY IS INTENDED ONLY TO HIGHLIGHT INFORMATION CONTAINED IN THIS JOINT PROXY STATEMENT/ PROSPECTUS. THIS SUMMARY IS NOT INTENDED TO BE COMPLETE AND IS QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION CONTAINED IN THIS JOINT PROXY STATEMENT/ PROSPECTUS, THE ANNEXES HERETO AND THE DOCUMENTS OTHERWISE REFERRED TO IN THIS JOINT PROXY STATEMENT/ PROSPECTUS. YOU ARE URGED TO REVIEW THIS ENTIRE JOINT PROXY STATEMENT/ PROSPECTUS CAREFULLY, INCLUDING THE ANNEXES HERETO THE OTHER REFERENCED DOCUMENTS.

The Companies

Darling International Inc.

251 O Connor Ridge Blvd.
Irving, Texas 75038
(972) 717-0300

Darling is a leading provider of rendering, recycling and recovery solutions to the nation s food industry. Darling collects and recycles animal by-products and used cooking oil from food service establishments and provides grease trap cleaning services to many of the same establishments. Darling processes these raw materials at 24 facilities located throughout the United States into finished products such as protein (primarily meat and bone meal), tallow (primarily bleachable fancy tallow) and yellow grease. Darling sells these products nationally and internationally, primarily to producers of oleo-chemicals, soaps, pet foods, and livestock feed, for use as ingredients in their products or for further processing. Darling s operations are organized into two segments: Rendering and Restaurant Services.

Darling National LLC

251 O Connor Ridge Blvd.
Irving, Texas 75038
(972) 717-0300

Darling National is a Delaware limited liability company and a wholly-owned subsidiary of Darling. Darling National was organized on December 16, 2005 solely for the purpose of effecting the acquisition of substantially all of the assets of National By-Products. Darling National has not carried on any activities other than in connection with the asset purchase agreement.

National By-Products, LLC

907 Walnut St., Suite 400
Des Moines, Iowa 50309
(515) 288-2166

Founded in 1933, National By-Products is one of the nation s leading independent renderers. National By-Products collects and recycles animal by-products and used cooking oil from livestock producers, meat packers, grocery stores and restaurants and sells its products nationally and internationally to manufacturers of chemicals, soap, cosmetics, plastics, lubricants, livestock and poultry feeds, pet foods and leather goods.

The Acquisition (see page 40)

A copy of the asset purchase agreement, dated as of December 19, 2005, by and among Darling, Darling National and National By-Products is attached to this joint proxy statement/prospectus as Annex A. Please read the asset purchase agreement in its entirety because it is the principal document governing the acquisition.

Consideration to be paid to National By-Products in the acquisition (see page 61)

The asset purchase agreement provides that the aggregate consideration for the purchased assets will be (i)(A) $70.5 million in cash, less all of National By-Products indebtedness related to its credit facilities outstanding immediately prior to the closing date of the acquisition, plus (B) 20% of the outstanding shares of Darling common stock as of 8 a.m. Central Time on the date of closing calculated on a fully-diluted basis, referred to below as the Closing Issued Shares, and (ii) the assumption of certain of National By-Products liabilities. The cash consideration will be subject to adjustment based on the working capital of National By-Products as of the closing date of the acquisition. In addition, a portion of the consideration will be placed in escrow to meet certain National By-Products obligations.

In addition to the purchase price paid to National By-Products on the closing date of the acquisition, Darling may pay additional consideration in the form of Darling common stock, depending on the average market price, referred to as the true-up market price, of Darling s common stock for the 90 days prior to the last day of the 13th full consecutive month after closing, which we refer to as the true-up date. If the average share price for the 90 days prior to the true-up date causes the value of the Closing Issued Shares (including the escrowed shares) to be less than $70.5 million, then Darling will issue additional common stock to National By-Products (or if National By-Products has distributed shares to its unitholders, to those unitholders who continue to hold, directly or as shares that remain in escrow, their Closing Issued Shares), assuming that none of the National By-Products unitholders have transferred any of their Closing Issued Shares (except transfers by gift or into trust). For clarity, only those Closing Issued Shares that have not been transferred (except by gift or into trust) as of the true-up date will be eligible for the stock true-up consideration. In addition, if the true-up market price is less than $3.60, then $3.60 will be used in place of the true-up market price for purposes of calculating the number of shares issued in the stock true-up. Assuming that the true-up market price is at least $3.60 and all of the Closing Issued Shares are retained by the National By-Products unitholders, then the shares National By-Products receives on the closing date, plus the shares National By-Products (or its unitholders) receives on the true-up date, will be valued at $70.5 million in the aggregate on the true-up date in accordance with the asset purchase agreement.

Darling s Dividend Policy Differs from National By-Products (see page 110)

Darling has not declared or paid cash dividends on its common stock since January 3, 1989. The payment of any dividends by Darling on its common stock in the future will be at the discretion of Darling s board of directors and will depend upon, among other things, future earnings, operations, capital requirements, Darling s general financial condition, the general financial condition of Darling s subsidiaries, limitations in its senior and subordinated credit facilities, and general business conditions.

Distributions to National By-Products unitholders are determined by its board of managers. National By-Products is required to distribute cash to its members on or before April 15 of each year in at least the amount National By-Products reasonably estimates (assuming maximum federal and state tax rates) will equal the federal and state income tax payable by the members as a consequence of allocation of the income of National By-Products to the members for the immediately preceding calendar year. National By-Products board of managers considers the payment of a special distribution to its unitholders at its annual meeting held each May. Such distribution, if any, is based on the prior fiscal year s results after taking into account the outlook for the current fiscal year, tax distributions already made, capital spending plans, the potential for acquisitions, the capital structure, and other business needs. There is no guarantee that a special distribution will be paid each year. Special distributions, if paid, are expected to vary in amount from year to year.

Market Price and Share Information of Darling Common Stock (see page 17)

Shares of Darling common stock are listed on the American Stock Exchange, referred to as the AMEX, under the trading symbol DAR. National By-Products membership units are not publicly traded. On December 19, 2005, the last trading day before the public announcement of the acquisition, the last sales price of Darling common stock was $3.53 per share.

On [ ], 2006, the most recent practicable date before the printing of this joint proxy statement/ prospectus, the last sales price as reported on the AMEX for Darling common stock was $[ ] per share. We urge you to obtain current market quotations.

Risks of the Acquisition (see page 18)

All Darling stockholders and National By-Products unitholders should consider carefully all of the information in this joint proxy statement/ prospectus and evaluate the specific factors set forth under Risk Factors before considering whether to approve the asset purchase agreement or the issuance of shares in accordance with the asset purchase agreement, as applicable.

The risk factors regarding Darling should be carefully considered by all National By-Products unitholders who are to receive Darling common stock in connection with the acquisition.

Recommendation of the Board of Directors of Darling (see page 43)

The Darling board of directors unanimously recommends that the asset purchase agreement and the issuance of shares of Darling common stock in accordance with the asset purchase agreement and the other matters described herein be approved by the Darling stockholders and that the Darling stockholders vote *FOR* the approval of the asset purchase agreement and the issuance of shares of Darling common stock and such other matters.

Recommendation of the Board of Managers of National By-Products (see page 50)

The National By-Products board of managers unanimously recommends that the acquisition, the asset purchase agreement, the amendment to the articles of organization and the other matters described herein be approved by the National By-Products unitholders and that the National By-Products unitholders vote *FOR* the approval of the acquisition, the asset purchase agreement, the amendment to the articles of organization and such other matters.

Harris Nesbitt Corp. Fairness Opinion Provided to the Board of Directors of Darling (see page 44)

In deciding to approve the acquisition, the Darling board of directors received an opinion from Harris Nesbitt Corp. that, as of December 16, 2005 and subject to the limitations and assumptions set forth in its written opinion, the acquisition consideration pursuant to the asset purchase agreement is fair from a financial point of view to Darling. In its analysis, Harris Nesbitt made numerous assumptions with respect to Darling, National By-Products and the acquisition. The assumptions and estimates contained in Harris Nesbitt s analyses, and the valuation ranges resulting from the particular analyses, are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. The opinion of Harris Nesbitt is dated as of December 16, 2005 and opines as to the fairness as of that date only. Harris Nesbitt is not obligated to update its December 16, 2005 opinion. As of the date of this joint proxy statement/ prospectus, Darling does not intend to request an updated fairness opinion. In the aggregate, Harris Nesbitt will receive fees of approximately $1,842,500 if the acquisition is completed. A copy of the fairness opinion is attached as Annex B to this joint proxy statement/ prospectus. Darling stockholders should read the opinion carefully and in its entirety.

Philip Schneider & Associates, Inc. Fairness Opinion Provided to the Board of Managers of National By-Products (see page 51)

In deciding to approve the acquisition, the National By-Products board of managers received an opinion from Philip Schneider & Associates, Inc. that, as of December 16, 2005 and subject to the limitations and assumptions set forth in its written opinion, the acquisition consideration to be paid to

National By-Products in the proposed transaction is fair, from a financial point of view, to National By-Products and its unitholders. In its analysis, Philip Schneider & Associates made numerous assumptions with respect to National By-Products, Darling and the acquisition. The assumptions and estimates contained in Philip Schneider & Associates analyses, and the valuation ranges resulting from the particular analyses, are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. The opinion of Philip Schneider & Associates is dated as of December 16, 2005 and opines as to the fairness as of that date only. Philip Schneider & Associates is not obligated to update its December 16, 2005 opinion. As of the date of this joint proxy statement/ prospectus, National By-Products does not intend to request an updated fairness opinion. In the aggregate, Philip Schneider & Associates will receive fees of approximately $20,000 regardless of whether the acquisition is completed. A copy of the fairness opinion is attached as Annex C to this joint proxy statement/ prospectus. National By-Products unitholders should read the opinion carefully and in its entirety.

Differences Exist between Rights of Darling Stockholders and National By-Products Unitholders (see page 106)

After the acquisition, National By-Products unitholders will become Darling stockholders and their rights as stockholders will be governed by the certificate of incorporation and bylaws of Darling and the Delaware General Corporation Law. There are a number of differences between Darling s certificate of incorporation and bylaws and National By-Products certificate of formation and operating agreement, respectively, and there are a number of differences between the Delaware General Corporation Law and the Iowa Limited Liability Company Act. The material differences are summarized in this joint proxy statement/ prospectus under Comparative Rights of Darling Stockholders and National By-Products Unitholders beginning on page 106.

Interests of Certain Persons in the Acquisition (see page 53)

In considering the recommendation of the National By-Products board of managers with respect to the acquisition and the asset purchase agreement, National By-Products unitholders should be aware that executive officers of National By-Products and managers of National By-Products have interests in the acquisition that are or may be different from, or in addition to, your interests. These interests include:

- the designation of certain officers of National By-Products as officers of Darling upon completion of the acquisition and the entry of certain National By-Products officers into employment agreements with Darling on the closing date; and

- the appointment of Dean Carlson, Chairman of the board of managers of National By-Products, and another National By-Products nominee to the board of directors of Darling upon completion of the acquisition.

- the receipt of change of control payments under National By-Products Long-Term Incentive Plan.

Conditions to Completion of the Acquisition (see page 70)

The obligations of Darling and National By-Products to complete the acquisition are conditioned upon the following:

- no order by a governmental body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by the asset purchase agreement will have been entered;

- the SEC will have declared the Form S-4 effective;

- National By-Products unitholders and Darling stockholders will have approved the acquisition; and

- the AMEX will have approved for listing the shares of Darling common stock deliverable to National By-Products unitholders.

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National By-Products will not be obligated to complete the acquisition unless a number of conditions have been satisfied, including, without limitation:

- the representations and warranties of Darling and Darling National set forth in the asset purchase agreement qualified as to materiality will be true and correct, and those not so qualified will be true and correct in all material respects, as of the date of the asset purchase agreement and as of the closing of the acquisition as though made at and as of the closing of the acquisition, except to the extent the representations and warranties expressly relate to an earlier date (in which case the representations and warranties qualified as to materiality will be true and correct, and those not so qualified will be true and correct in all material respects, on and as of the earlier date); provided, however, in the event of any breach of a representation or warranty of Darling or Darling National set forth in the asset purchase agreement, the condition will be deemed satisfied unless the effect of all the breaches of representations and warranties taken together could reasonably be expected to have a material adverse effect on Darling;
- Darling and Darling National will have performed and complied in all material respects with all obligations and agreements required by the asset purchase agreement;
- no event, change, occurrence or circumstance will have occurred that, individually or in the aggregate with any other events, changes, occurrences or circumstances, has had or could reasonably be expected to have a material adverse effect on Darling;
- Darling will have delivered evidence of delivery of the cash consideration to National By-Products; and
- Philip Schneider & Associates, Inc. will not have withdrawn or materially modified the opinion it delivered to National By-Products board of managers on December 16, 2005 due solely to a material adverse effect on Darling.

Darling will not be obligated to complete the acquisition unless a number of conditions have been satisfied, including, without limitation:

- the representations and warranties of National By-Products set forth in the asset purchase agreement qualified as to materiality will be true and correct, and those not so qualified will be true and correct in all material respects, as of the date of the asset purchase agreement and as of the closing of the acquisition as though made at and as of the closing of the acquisition, except to the extent the representations and warranties expressly relate to an earlier date (in which case the representations and warranties qualified as to materiality will be true and correct, and those not so qualified will be true and correct in all material respects, on and as of such earlier date); provided, however, in the event of any breach of a representation or warranty of National By-Products set forth in the asset purchase agreement, the condition will be deemed satisfied unless the effect of all the breaches of representations and warranties taken together could reasonably be expected to have a material adverse effect on National By-Products;
- National By-Products will have performed and complied in all material respects with all obligations and agreements required by the asset purchase agreement;
- no event, change, occurrence or circumstance will have occurred that, individually or in the aggregate with any other events, changes, occurrences or circumstances, has had or could reasonably be expected to have a material adverse effect on National By-Products;
- Darling will have received a binding commitment from a title company to issue a policy of title insurance on National By-Products owned property;

National By-Products will have obtained any required governmental consents as well as any required consents under all antitrust laws;

National By-Products will have provided Darling with an affidavit of non-foreign status;

Darling National will have obtained financing proceeds sufficient to consummate the acquisition;

Darling will have received the appropriate consents under its senior credit facility and subordinated debt facility;

National By-Products will have delivered duly executed general warranty deeds for each of its owned real properties and, if requested by Darling National, separate assignments for National By-Products real property leases except that National By-Products may deliver special warranty deeds for certain owned real property if title insurance has been obtained;

National By-Products will have obtained the issuance, reissuance or transfer of all permits for Darling to conduct the operations of National By-Products business as of the closing date, and National By-Products will have satisfied all property transfer requirements arising under law;

National By-Products will have delivered all instruments and documents necessary to release all liens, other than certain permitted exceptions, on purchased assets;

National By-Products will have received appropriate payoff letters relating to its senior indebtedness; and

Harris Nesbitt Corp. will not have withdrawn or materially modified the opinion it delivered to Darling s board of directors on December 16, 2005 due solely to a material adverse effect on National By-Products.

Timing of the Acquisition (see page 75)

The acquisition is expected to be completed in the first half of 2006, subject to the receipt of necessary regulatory approvals and the satisfaction or waiver of other closing conditions.

Termination of the Asset Purchase Agreement (see page 73)

The asset purchase agreement may be terminated by Darling or National By-Products before completion of the acquisition in certain circumstances. In addition, the asset purchase agreement provides that each of Darling and National By-Products may be required to pay a termination fee to the other in an amount of $4.23 million plus fees and expenses up to $1 million if the asset purchase agreement is terminated in the circumstances described generally below:

if Darling terminates the asset purchase agreement because National By-Products board of managers has approved or recommended any proposal or offer of acquisition, merger, or other similar business transaction from someone other than Darling, then National By-Products will be required to pay Darling;

if Darling terminates the asset purchase agreement because National By-Products board of managers has not rejected any proposal or offer of acquisition, merger, or other similar business transaction from someone other than Darling within fifteen business days of the proposal or offer, then National By-Products will be required to pay Darling;

if Darling terminates the asset purchase agreement because National By-Products board of managers has not publicly reconfirmed its recommendation that the unitholders approve the asset purchase agreement within fifteen business days after Darling requests a confirmation after being notified of any proposal or offer of acquisition, merger, or other similar business transaction from someone other than Darling, then National By-Products will be required to pay Darling; or

if National By-Products terminates the asset purchase agreement because Darling s board of directors withdraws or modifies its recommendation to the stockholders of Darling to vote in favor of the asset purchase agreement and the issuance of shares in accordance with the asset purchase agreement due to any reason other than a reason or reasons arising from a material adverse effect on National By-Products, then Darling will be required to pay National By-Products.

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National By-Products obligations to pay the termination fee may discourage a third party from pursuing a competing acquisition proposal that could result in greater value to National By-Products unitholders. Although the payment of the termination fee could have an adverse effect on the financial condition of the company making the payment, neither Darling nor National By-Products believes that the effect would be material. The board of directors of Darling and the board of managers of National By-Products determined, based in part on advice from their legal advisors, that the amount of the termination fee and the circumstances in which it would become payable were generally typical for a transaction of the magnitude of this acquisition.

Matters to Be Considered at the Special Meetings

Darling (see page 35)

Darling stockholders will be asked to vote on the following proposals:

approve and adopt the asset purchase agreement, dated as of December 19, 2005, by and among Darling, National By-Products and a wholly-owned subsidiary of Darling, and the transactions contemplated by the asset purchase agreement, including the issuance of shares of Darling common stock in accordance with the asset purchase agreement; and

consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the above proposal.

National By-Products (see page 38)

National By-Products unitholders will be asked to vote on the following proposals:

approve and adopt the asset purchase agreement, dated as of December 19, 2005, by and among Darling, National By-Products and a wholly-owned subsidiary of Darling, and the transactions contemplated by the asset purchase agreement, including an amendment to the articles of organization of National By-Products to change its name to West-end Liquidation, LLC effective upon closing of the acquisition; and

consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the above proposal.

Voting by Darling and National By-Products Directors/ Managers and Executive Officers

On the Darling record date, directors and executive officers of Darling owned and were entitled to vote [ ] shares of Darling capital stock, or approximately [ ]% and [ ]%, respectively, of the total voting power of the shares of Darling common stock on that date. On the National By-Products record date, managers and executive officers of National By-Products owned and were entitled to vote [ ] National By-Products membership units, or approximately [ ]% and [ ]%, respectively, of the total voting power of the National By-Products membership units on that date.

Dissenting National By-Products Unitholders Have Appraisal Rights (see page 58)

Under Iowa law and the operating agreement of National By-Products, unitholders of record who deliver to National By-Products, before the vote referred to in this joint proxy statement/ prospectus is taken, written notice of the unitholder s intent to demand payment if the acquisition is consummated and who do not vote in favor of the acquisition are entitled to appraisal rights in connection with the acquisition if the acquisition is completed. In order for a National By-Products unitholder to exercise its appraisal rights, it must comply with the applicable provisions of Division XIII of the Iowa Business Corporation Act (a copy of which can be found in Annex D of this joint proxy statement/ prospectus).

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Material U.S. Federal Income Tax Consequences of the Acquisition to National By-Products Unitholders (see page 55).

The purchase of substantially all of the assets of National By-Products by Darling in exchange for cash, Darling common stock and the assumption of certain National By-Products liabilities will be a taxable disposition for federal income tax purposes, resulting in the realization of gain or loss to National By-Products. National By-Products is classified as a partnership for federal income tax purposes and is not itself subject to U.S. federal income taxation. Therefore, each unitholder will be required to report on its federal income tax return, and will be subject to tax in respect of, its distributive share of the gain or loss realized by National By-Products on the sale of its assets. Promptly following the closing of the acquisition, National By-Products will distribute, as the first in a series of liquidating distributions, cash (less cash escrow of $3.5 million, less the amount of the then outstanding National By-Products credit facilities and plus or minus the amount of the working capital adjustment, less appropriate reserves to pay other National By-Products debts and obligations) and Darling common stock (less escrow of shares valued at $6.5 million) to its unitholders pro rata in proportion to their membership units. A unitholder will not recognize gain or loss on the initial distribution, or any future distributions, except to the extent the sum of the cash and the fair market value of the Darling common stock exceeds such unitholder s adjusted tax basis in his, her or its membership interest. Any loss realized on such distributions will not be recognized.

SELECTED HISTORICAL FINANCIAL DATA OF DARLING

Darling and National By-Products are providing the following information to aid you in your analysis of the financial aspects of the acquisition.

The following selected historical consolidated financial information as of January 1, 2005 and January 3, 2004 and for the years ended January 1, 2005, January 3, 2004, and December 28, 2002 has been derived from Darling s audited financial statements, which have been incorporated by reference in this joint proxy statement/ prospectus. The information as of October 1, 2005, and for the nine-month periods ended October 1, 2005 and October 2, 2004, has been derived from Darling s unaudited financial statements, which have been incorporated by reference in this joint proxy statement/ prospectus and which have been prepared on the same basis as the audited financial statements and, in the opinion of management of Darling, include all adjustments, consisting only of normal recurring adjustments and accruals, necessary for a fair presentation of the financial condition at such date and the results of operations for such periods. Historical results are not necessarily indicative of the results to be obtained in the future.

The selected consolidated statements of operations data for the years ended December 29, 2001 and December 30, 2000, and the selected consolidated balance sheet data as of December 28, 2002, December 29, 2001, and December 3, 2000, have been derived from Darling s audited consolidated financial statements, and should be read in conjunction with those statements, which are not included nor incorporated by reference in this joint proxy statement/ prospectus.

The selected historical financial data should be read in conjunction with the respective audited and unaudited consolidated financial statements of Darling, including the notes thereto, incorporated herein by reference. See Where You Can Find More Information on page 115.

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Selected Historical Financial Data of Darling

	Nine Months Ended (Unaudited)		Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001	Fiscal 2000
			52 Weeks Ended	53 Weeks Ended	52 Weeks Ended	52 Weeks Ended	52 Weeks Ended
	October 1, 2005	October 2, 2004	January 1, 2005	January 3, 2004	Dec. 28, 2002	Dec. 29, 2001	Dec. 30, 2000
	(Dollars in thousands, except ratios and per share data)						
Statements of Operations Data:							
Net sales	$ 231,959	$ 248,845	$ 320,229	$ 323,267	$ 261,059	$ 241,350	$ 227,811
Cost of sales and operating expenses[(a)]	182,014	183,124	237,925	245,175	193,632	184,230	176,612
Selling, general and administrative expenses	26,158	27,301	36,509	35,808	30,169	28,212	26,217
Depreciation and amortization	11,390	11,301	15,224	15,124	16,415	24,859	26,787
Operating income/(loss)	12,397	27,119	30,571	27,160	20,843	4,049	(1,805)
Interest expense	4,707	5,224	6,759	2,363	6,408	14,160	13,971
Other (income)/expense, net [(b)]	(891)	391	299	(3,914)	(2,006)	1,608	1,359
Income/(loss) from continuing operations before income taxes	8,581	21,504	23,513	28,711	16,441	(11,719)	(17,135)
Income tax expense/(benefit)	3,002	8,575	9,245	10,632	7,151		
Income/(loss) from continuing operations	$ 5,579	$ 12,929	$ 14,268	$ 18,079	$ 9,290	$ (11,719)	$ (17,135)
Basic income/(loss) from continuing operations per share	$ 0.09	$ 0.20	$ 0.22	$ 0.29	$ 0.18	$ (0.75)	$ (1.10)
Diluted income/(loss) from continuing operations per common share	$ 0.09	$ 0.20	$ 0.22	$ 0.29	$ 0.18	$ (0.75)	$ (1.10)

Weighted average shares outstanding	63,922	63,821	63,840	62,588	45,003	15,568	15,568
Diluted weighted average shares outstanding	64,528	64,419	64,463	63,188	45,577	15,568	15,568

	As of October 1, 2005 (Unaudited)	As of January 1, 2005	January 3, 2004	Dec. 28, 2002	Dec. 29, 2001	Dec. 30, 2000
	(Dollars in thousands, except ratios and per share data)					
Balance Sheet Data:						
Working capital/(deficiency)	$ 35,418	$ 39,602	$ 31,189	$ 13,797	$ (116,718)	$ (106,809)
Total assets	184,797	182,809	174,649	162,912	159,079	174,505
Current portion of long-term debt	5,026	5,030	7,489	8,372	120,053	109,528
Total long-term debt less current portion	45,759	49,528	48,188	60,055		
Stockholders equity (deficit)	73,523	67,235	55,282	35,914	(9,654)	2,724

(a) Included in cost of sales and operating expenses is a settlement with certain past insurers of approximately $2.8 million recorded in Fiscal 2004 and in the nine months ended October 2, 2004 as a credit (recovery) of claims expense and previous insurance premiums.

(b) Included in other (income)/expense is a gain on early retirement of debt of $1.3 million in Fiscal 2004 and in the nine months ended October 2, 2004, $4.7 million in Fiscal 2003, and $0.8 million in Fiscal 2002. Also included in other (income)/expense is loss on redemption of preferred stock of approximately $1.7 million in Fiscal 2004 and in the nine months ended October 2, 2004.

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SELECTED HISTORICAL FINANCIAL DATA OF NATIONAL BY-PRODUCTS

The following selected historical financial information as of January 1, 2005 and January 3, 2004 and for the years ended January 1, 2005, January 3, 2004, and December 28, 2002 has been derived from National By-Products audited financial statements, which have been included in this joint proxy statement/ prospectus. The selected historical financial information as of December 28, 2002, December 29, 2001 and December 30, 2000 and for the years ended December 29, 2001 and December 20, 2000 has been derived from National By-Products audited financial statements, which are not included in this joint proxy statement/ prospectus. The information as of October 1, 2005, and for the nine-month periods ended October 1, 2005 and October 2, 2004, has been derived from National By-Products unaudited financial statements, which have been included in this joint proxy statement/ prospectus and which have been prepared on the same basis as the audited financial statements and, in the opinion of management of National By-Products, include all adjustments, consisting only of normal recurring adjustments and accruals, necessary for a fair presentation of the financial condition at such date and the results of operations for such periods. Historical results are not necessarily indicative of the results to be obtained in the future.

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Selected Historical Financial Data of National By-Products

	Nine Months Ended		Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001	Fiscal 2000
			52 Weeks Ended	53 Weeks Ended	52 Weeks Ended	52 Weeks Ended	52 Weeks Ended
	October 1, 2005	October 2, 2004	January 1, 2005	January 3, 2004[(a)]	Dec. 28, 2002[(b)]	Dec. 29, 2001	Dec. 30, 2000
	(Dollars in thousands, except per unit/per share data)						
Statements of Operations Data:							
Net revenues	$ 141,798	$ 155,740	$ 198,326	$ 201,485	$ 179,591	$ 171,534	$ 165,257
Cost of sales	115,086	125,264	160,813	165,923	146,279	143,741	140,325
Selling, general and administrative expenses	6,514	6,398	9,364	9,383	8,751	9,507	9,551
Depreciation and amortization	4,553	5,307	6,973	7,585	8,085	10,183	9,676
(Gain)/ Loss on disposals of property and equipment and other	289	(363)	(41)	196	695	133	(44)
Operating income	15,356	19,134	21,217	18,398	15,781	7,970	5,749
Interest expense	108	140	165	905	1,313	2,045	2,660
Other (income)/expense, net	(27)	(17)	(21)	(10)	(19)	46	170
Income before income taxes	15,275	19,011	21,073	17,503	14,487	5,879	2,919
Income tax expense/(benefit)[(b)]					(8,591)	1,764	876
Net income	$ 15,275	$ 19,011	$ 21,073	$ 17,503	$ 23,078	$ 4,115	$ 2,043
Per Unit/Share Data:							
Basic and diluted distributions/dividends per unit/share	$ 17.00	$ 13.55	$ 16.00	$ 10.20	$ 10.75	$ 0.45	$ 1.00
Basic and diluted income from continuing operations per unit/share	$ 12.67	$ 15.76	$ 17.47	$ 14.51	$ 19.14	$ 3.40	$ 1.69
Basic and diluted book value per unit/share	$ 35.73	$	$ 40.07	$ 38.70	$ 33.88	$ 27.29	$ 23.94
Basic and diluted average units/shares outstanding	1,206	1,206	1,206	1,206	1,206	1,211	1,209
Distribution Data:							

Cash tax distribution[b]	$ 6,031	$ 5,489	$ 8,441	$ 6,876	$ 10,555	$ 0	$ 0
Cash special distribution/dividend	14,476	10,857	10,857	5,428	2,413	545	1,209
Total cash distributions/dividends	$ 20,507	$ 16,346	$ 19,298	$ 12,304	$ 12,968	$ 545	$ 1,209

	As of October 1, 2005	January 1, 2005	January 3, 2004	As of Dec. 28, 2002	Dec. 29, 2001	Dec. 30, 2000
		(Dollars in thousands, except per unit/per share data)				
Balance Sheet Data:						
Working Capital, excluding current portion of long-term debt	$ 8,993	$ 8,928	$ 10,543	$ 10,100	$ 7,940	$ 11,737
Total Assets	61,054	62,168	69,436	77,723	76,234	79,641
Total Long-Term Debt	2,600		6,400	14,150	24,630	32,484
Members Equity	43,095	48,327	46,677	40,863	33,043	28,948

(a) Fiscal 2003 had a reduction of approximately $2.5 million in operating income due to the discovery of a cow with Bovine Spongiform Encephalopathy on December 23, 2003. The export markets closed their borders causing a $1.8 million reduction in sales, in anticipation of sales returns, and $0.7 million increase in cost of sales as the value of meat and bone meal inventory declined.

(b) Effective January 11, 2002, National By-Products was reorganized as a limited liability company, resulting in a taxable event for both the company and its shareholders. Taxable income arising after the effective date flows through to the members of the company. The current taxable income of National By-Products flows through to, and is reportable by, the members of National By-Products. National By-Products attempts to disburse funds in the form of a tax distribution to members to satisfy the tax obligations incurred from the taxable income.

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SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA OF DARLING AND NATIONAL BY-PRODUCTS

The acquisition will be accounted for using the purchase method of accounting in accordance with accounting principles generally accepted in the United States of America. The tangible and intangible assets and liabilities of National By-Products assumed by Darling will be recorded as of the closing date of the acquisition, at their respective fair values, and added to those of Darling. For a more detailed description of purchase accounting, see The Acquisition Accounting Treatment on page 55.

Darling has presented below summary unaudited pro forma combined financial information that reflects the purchase method of accounting and is intended to provide you with a better picture of what the businesses might have looked like had they actually been combined. The combined financial information may have been different had the companies actually been combined. The selected unaudited pro forma combined financial information does not reflect the effect of asset dispositions, if any, or cost savings, if any, that may result from the acquisition. You should not rely on the summary unaudited pro forma combined financial information as being indicative of the historical results that would have occurred had the companies been combined or the future results that may be achieved after the acquisition.

This unaudited pro forma condensed combined financial data has been prepared based on preliminary estimates of fair values. The actual amounts recorded as of the completion of the acquisition may differ materially from the information presented in this unaudited pro forma condensed combined consolidated financial data. In addition, the impact of ongoing integration activities, the timing of completion of the acquisition and other changes in National By-Product s net tangible and intangible assets that occur prior to completion of the acquisition could cause material differences in the information presented.

The following summary unaudited pro forma combined financial information (i) has been derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and related notes included in this joint proxy statement/ prospectus beginning on page 76 and (ii) should be read in conjunction with the consolidated financial statements of Darling and National By-Products and other information included in this joint proxy statement/ prospectus or previously filed by Darling with the SEC. See Where You Can Find More Information on page 115.

	Nine Months Ended October 1, 2005	Fiscal Year Ended January 1, 2005
	(In millions except per share data)	
Statements of Operations Data:		
Net sales	$ 373.8	$ 518.6
Operating income	25.6	48.9
Income from continuing operations	12.5	24.0
Income from continuing operations per share of common stock		
Basic	0.16	0.30
Diluted	0.15	0.30

	At October 1, 2005
	(In millions)

Balance Sheet Data:		
Working capital	$	13.4
Total assets		315.9
Long-term obligations		100.0
Stockholders equity		141.2

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HISTORICAL PRICES OF DARLING COMMON STOCK

Darling s common stock is listed on the AMEX under the symbol DAR. The table below sets forth, for each of the calendar quarters indicated, the high and low sales prices per share of Darling common stock.

	Fiscal Quarter			
	1st	2nd	3rd	4th
Stock prices:				
2006 High	$ 4.33(1)			
Low	3.79(1)			
2005 High	4.55	4.08	3.98	$ 4.33
Low	3.48	3.39	3.31	3.20
2004 High	3.79	4.50	4.89	4.50
Low	2.54	3.14	3.70	3.48
2003 High	2.45	2.45	3.15	3.10
Low	1.60	1.64	2.15	2.25
2002 High	1.30	0.90	1.50	1.90
Low	0.30	0.55	0.67	0.85

(1) Through January 24, 2006.

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RISK FACTORS

In addition to the other information contained in this joint proxy statement/ prospectus, National By-Products, LLC unitholders who will receive Darling International Inc. common stock in connection with the acquisition and Darling stockholders should carefully consider the following risks in evaluating the proposals to be voted on at your special meeting. If any of the events described below occurs, Darling s and/or National By-Products business, financial condition or results of operations could be materially adversely affected. The risks below should be considered along with the other risks described in the Darling annual reports incorporated by reference into this joint proxy statement/ prospectus. See Where You Can Find More Information beginning on page 115 of this joint proxy statement/ prospectus for the location of information incorporated by reference into this joint proxy statement/ prospectus.

Risk Factors Relating to the Acquisition

Darling may be unable to successfully integrate National By-Products and achieve the benefits expected to result from the acquisition.

Darling and National By-Products entered into the asset purchase agreement with the expectation that the acquisition will result in mutual benefits including, among other things, growing revenue, diversifying raw material supplies and creating a larger platform to grow the restaurant services segment. Achieving the benefits of the acquisition will depend in part on the integration of Darling s and National By-Products operations and personnel in a timely and efficient manner so as to minimize the risk that the acquisition will result in the loss of market opportunity or key employees or the diversion of the attention of management. Factors that could affect Darling s ability to achieve these benefits include:

- Difficulties in integrating and managing personnel, financial reporting and other systems used by National By-Products into Darling;
- The failure of National By-Products operations to perform in accordance with Darling s expectations;
- Any future goodwill impairment charges that Darling may incur with respect to the assets of National By-Products;
- Failure to achieve anticipated synergies between Darling s business units and the business units of National By-Products;
- The loss of National By-Products customers; and
- The loss of any of the key employees of National By-Products.

If National By-Products operations do not operate as Darling anticipates, it could materially harm Darling s business, financial condition and results of operations.

Darling will succeed to substantially all of National By-Products liabilities.

In addition, as a result of the acquisition, Darling will succeed to substantially all of National By-Products liabilities. Darling may learn additional information about National By-Products business that adversely affects Darling, such as unknown or contingent liabilities, issues relating to internal controls over financial reporting and issues relating to compliance with the Sarbanes-Oxley Act or other applicable laws. As a result, there can be no assurance that the acquisition will be successful or will not, in fact, harm Darling s business. Although $3.5 million of the cash consideration and $6.5 million of the stock consideration to be paid in the acquisition will be placed in an escrow fund at closing to satisfy, at least in part, any indemnification claims made by Darling against National By-Products with respect to certain liabilities, if National By-Products liabilities are greater than projected, or if there are obligations of National By-Products of which Darling is not aware at the time of completion of the acquisition and these liabilities and obligations cannot be covered by the escrow fund, Darling s business could be materially adversely affected and its stock price could decline.

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Darling may be unable to realize the expected cost savings from the acquisition.

Even if Darling is able to integrate the operations of National By-Products successfully, Darling cannot assure you that this integration will result in the realization of the full benefits of the cost savings or revenue enhancements that Darling expects to result from this integration or that these benefits will be achieved within the timeframe that Darling expects. The cost savings from the acquisition may be offset by costs incurred in integrating National By-Products operations, as well as by increases in other expenses, by operating losses or by problems with Darling s or National By-Products businesses unrelated to the acquisition.

Failure to complete the acquisition could negatively impact the stock price of Darling common stock and the future business and financial results of Darling and National By-Products because of, among other things, the market disruption that would occur as a result of uncertainties relating to a failure to complete the acquisition.

Although Darling and National By-Products have agreed to make an effort to obtain stockholder and unitholder approval, respectively, of the proposals relating to the acquisition, there is no assurance that these proposals will be approved, and there is no assurance that Darling and National By-Products will receive the necessary regulatory approvals or satisfy the other conditions to the completion of the acquisition. If the acquisition is not completed for any reason, Darling and National By-Products will be subject to several risks, including the following:

being required to pay the other company a termination fee of $4.23 million, which each company is required to do in certain circumstances relating to termination of the asset purchase agreement. See The Asset Purchase Agreement Termination beginning on page 73; and

having had the focus of management of each of the companies directed toward the acquisition and integration planning instead of on each company s core business and other opportunities that could have been beneficial to the companies.

In addition, each company would not realize any of the expected benefits of having completed the acquisition.

If the acquisition is not completed, the price of Darling common stock and/or the overall value of National By-Products may decline to the extent that the current market price of Darling common stock or the current market value of National By-Products reflects a market assumption that the acquisition will be completed and that the related benefits and synergies will be realized, or as a result of the market s perceptions that the acquisition was not consummated due to an adverse change in Darling s or National By-Products business. In addition, Darling s business and National By-Products business may be harmed, and the price of Darling s stock and the overall value of National By-Products may decline as a result, to the extent that customers, suppliers and others believe that the companies cannot compete in the marketplace as effectively without the acquisition or otherwise remain uncertain about the companies future prospects in the absence of the acquisition. For example, customers may delay, redirect or defer purchasing decisions, which could negatively affect the business and results of operations of Darling and National By-Products, regardless of whether the acquisition is ultimately completed. Similarly, current and prospective employees of Darling and National By-Products may experience uncertainty about their future roles with the resulting company and choose to pursue other opportunities that could adversely affect Darling or National By-Products, as applicable, if the acquisition is not completed. This may adversely affect the ability of Darling and National By-Products to attract and retain key management and marketing and technical personnel, which could harm the companies businesses and results.

In addition, if the acquisition is not completed and the Darling board of directors or National By-Products board of managers determines to seek another acquisition or business combination, there can be no assurance that a transaction creating stockholder or unitholder value comparable to the value perceived to be created by this acquisition will be available to either Darling or National By-Products.

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If the acquisition is not completed, Darling and National By-Products cannot assure their stockholders and unitholders, respectively, that these risks will not materialize or materially adversely affect the business, financial results, financial condition and stock price of Darling or overall value of National By-Products.

The asset purchase agreement limits National By-Products ability to pursue an alternative proposal to the acquisition and requires National By-Products to pay a termination fee of $4.23 million if it does.

The asset purchase agreement prohibits National By-Products from soliciting, initiating, encouraging or facilitating certain alternative acquisition proposals with any third party, subject to exceptions set forth in the asset purchase agreement. See The Asset Purchase Agreement Covenants beginning on page 67. The asset purchase agreement also provides for the payment by National By-Products of a termination fee of $4.23 million if the asset purchase agreement is terminated in certain additional circumstances. See The Asset Purchase Agreement Termination beginning on page 73.

These provisions limit National By-Products ability to pursue offers from third parties that could result in greater value to National By-Products unitholders. The obligation to make the termination fee payment also may discourage a third party from pursuing an alternative acquisition proposal.

Darling may be required to pay a termination fee of $4.23 million if its board of directors withdraws or modifies its recommendation to the Darling stockholders.

The asset purchase agreement requires Darling to pay a termination fee of $4.23 million if its board of directors withdraws or modifies its recommendation to the stockholders of Darling to vote in favor of the asset purchase agreement due to any reason other than a reason or reasons arising from a material adverse effect on National By-Products. The payment of this termination fee could have an adverse effect on the financial condition of Darling.

The need for governmental approvals may prevent or delay the completion of the acquisition or may diminish the benefits of the acquisition.

Completion of the acquisition is conditioned upon filings with, and receipt of required consents, orders, approvals or clearances from, certain governmental agencies, including the Federal Trade Commission, which we refer to as the FTC , and the Antitrust Division of the U.S. Department of Justice. Darling and National By-Products have made initial filings with the FTC and the Antitrust Division; however, the applicable waiting period under U.S. antitrust laws has not yet expired or been terminated.

There is no assurance that all of these required consents, orders, approvals and clearances will be obtained, and if they are obtained, they may not be obtained before Darling stockholders and National By-Products unitholders vote on the applicable proposals related to the acquisition. Moreover, if they are obtained, they may impose conditions on, or require divestitures relating to, the divisions, operations or assets of Darling or National By-Products. These conditions or divestitures may jeopardize or delay completion of the acquisition or reduce the anticipated benefits of the acquisition. However, the asset purchase agreement does not require Darling or National By-Products to satisfy any conditions or divestiture requirements imposed upon them whether or not the conditions or divestitures would have a material adverse effect on Darling or National By-Products.

Darling expects substantial transaction, consolidation and integration costs related to the acquisition.

If the acquisition is consummated, Darling and National By-Products will have incurred substantial expenses, including investment banking, legal, accounting and printing fees. It is expected that Darling will also incur significant consolidation and integration expenses that cannot be accurately estimated at this time. Actual transaction costs may substantially exceed estimates and, when combined with the expenses incurred in connection with the consolidation and integration of the companies, could have an adverse effect on the consolidated business, financial condition and operating results of Darling.

National By-Products ability to distribute the consideration to be paid in the acquisition to its unitholders may be limited.

National By-Products ability to distribute the cash or stock consideration to be paid in the acquisition to its unitholders will be subject to applicable provisions of state law and National By-Products operating agreement. Under Iowa law, no distribution may be declared and paid if, after the distribution is made (i) National By-Products would not be able to pay its debts as they come due in the usual course of business or (ii) National By-Products total assets would be less than the sum of its total liabilities, plus the amount that would be needed (if any), if National By-Products were to be dissolved at the time of the distribution, to satisfy preferential rights upon dissolution of members whose preferential rights are superior to the rights of members receiving the distribution. In addition to (i) and (ii) above, under National By-Products operating agreement, no distribution may be declared if the payment of the distribution would be a default by National By-Products under any agreement for borrowed money by National By-Products, whether after notice, lapse of time or otherwise.

Former National By-Products unitholders who become Darling stockholders in connection with the acquisition will have limited ability to influence Darling s actions and decisions following the acquisition.

Immediately following the acquisition, former National By-Products unitholders will hold approximately 20% of the outstanding shares of Darling common stock. As a result, former National By-Products unitholders will have only limited ability to influence Darling s business. Former National By-Products unitholders will not have separate approval rights with respect to any actions or decisions of Darling or have representation on Darling s board of directors dedicated to their interests.

Some individuals have unique interests in the consummation of the acquisition.

When considering the recommendation of the National By-Products board of managers with respect to the acquisition proposals, National By-Products unitholders should be aware that some directors and executive officers of National By-Products have interests in the acquisition that are different from, or are in addition to, the interests of the unitholders of National By-Products. These interests include their designations as Darling directors or executive officers upon completion of the proposed acquisition and/or the receipt of certain change of control payments under National By-Products Long-Term Incentive Plan. National By-Products unitholders should consider these interests in conjunction with the recommendation of the board of managers of National By-Products of approval of the asset purchase agreement and the acquisition.

Shares of Darling common stock issued in connection with the acquisition will be subject to all of the risks associated with Darling as combined with National By-Products.

National By-Products unitholders receiving shares of Darling common stock in connection with the acquisition will be making an investment in Darling and will be subject to all of the risks associated with an investment in shares of Darling common stock, which will include National By-Products upon consummation of the acquisition.

Risk Factors Relating to Darling Following Completion of the Acquisition

The pro forma financial data included in this joint proxy statement/ prospectus is preliminary and the combined company s actual financial position and results of operations may differ significantly and adversely from the pro forma amounts included in this joint proxy statement/ prospectus.

Because of the proximity of this joint proxy statement/ prospectus to the date of the announcement of the proposed acquisition, the process of valuing National By-Products tangible and intangible assets and liabilities, as well as evaluating National By-Products accounting policies for consistency with Darling s accounting policies, is still in the very preliminary stages. Material revisions to current estimates could be necessary as the valuation process and accounting policy review are finalized.

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The unaudited pro forma operating data contained in this joint proxy statement/ prospectus is not necessarily indicative of the results that actually would have been achieved had the proposed acquisition been completed at the beginning of the period indicated or that may be achieved in the future. We can provide no assurances as to how the operations and assets of both companies would have performed if they had been combined during the period indicated, or how they will perform in the future, which, together with other factors, could have a significant adverse effect on the results of operations and financial position of the combined company.

Darling s results of operations and cash flow may be reduced by decreases in the market price of its products.

Darling s and National By-Products finished products are commodities, the prices of which are quoted on established commodity markets. Accordingly, Darling s consolidated results of operations after the acquisition is consummated will be affected by fluctuations in the prevailing market prices of the finished products. A significant decrease in the market price of Darling s products would have a material adverse effect on Darling s results of operations and cash flow.

The most competitive aspect of Darling s business is the procurement of raw materials.

Darling s management believes that the most competitive aspect of Darling s business is the procurement of raw materials rather than the sale of finished products. During the last ten years, pronounced consolidation within the meat packing industry has resulted in bigger and more efficient slaughtering operations, the majority of which utilize captive processors. Simultaneously, the number of small meat packers, which have historically been a dependable source of supply for non-captive processors, such as Darling, has decreased significantly. Although the total amount of slaughtering may be flat or only moderately increasing, the availability, quantity and quality of raw materials available to the independent processors from these sources have all decreased. A significant decrease in raw materials available could materially and adversely affect Darling s business and results of operations.

The rendering and restaurant services industry is highly fragmented and very competitive. Darling competes with other rendering and restaurant services businesses and alternative methods of disposal of animal processing by-products and used restaurant cooking oil provided by trash haulers and waste management companies, as well as the alternative of illegal disposal. Darling charges a collection fee to offset a portion of the cost incurred in collecting raw material. To the extent suppliers of raw materials look to alternate methods of disposal, whether as a result of Darling s collection fees being deemed too expensive or otherwise, Darling s raw material supply will decrease and Darling s collection fee revenues will decrease, which could materially and adversely affect Darling s business and results of operations.

Darling may incur material costs and liabilities in complying with government regulations.

Darling is subject to the rules and regulations of various federal, state and local governmental agencies. Material rules and regulations and the applicable agencies are:

- the Food and Drug Administration (FDA), which regulates food and feed safety;
- the United States Department of Agriculture (USDA), including its agencies Animal and Plant Health Inspection Service (APHIS) and Food Safety and Inspection Service (FSIS), which regulates collection and production methods;
- the Environmental Protection Agency (EPA), which regulates air and water discharge requirements, as well as local and state agencies governing air and water discharge;
- State Departments of Agriculture, which regulate animal by-product collection and transportation procedures and animal feed quality;
- the United States Department of Transportation (USDOT), as well as local and state transportation agencies, which regulate the operation of Darling s commercial vehicles; and

the Securities and Exchange Commission (SEC), which regulates securities and information required in annual and quarterly reports filed by publicly traded companies.

Such rules and regulations may influence Darling s operating results at one or more facilities. There can be no assurance that Darling will not incur material costs and liabilities in connection with the regulations.

Darling is highly dependent on natural gas and diesel fuel.

Darling s operations are highly dependent on the use of natural gas and diesel fuel. Energy prices for natural gas and diesel fuel are expected to remain high throughout 2006. Darling consumes significant volumes of natural gas to operate boilers in its plants to generate steam to heat raw material. High natural gas prices represent a significant cost of factory operation included in cost of sales. Darling also consumes significant volumes of diesel fuel to operate its fleet of tractors and trucks used to collect raw material. High diesel fuel prices represent a significant component of cost of collection expenses included in cost of sales. Though Darling will continue to manage these costs and attempt to minimize these expenses, prices remain relatively high in 2006 and represent an ongoing challenge to Darling s operating results for future periods. A material increase in energy prices for natural gas and diesel fuel over a sustained period of time could materially adversely affect Darling s business, financial condition and results of operations.

Darling s business may be negatively impacted by a significant outbreak of avian influenza (Bird Flu) in the U.S.

Avian influenza, or Bird Flu, a highly contagious disease that affects chickens and other poultry species, has recently spread throughout Asia to Europe at an unprecedented rate. Bird Flu is not a new disease, and while it does not currently exist in the U.S., it has occurred in this country twice within the past 25 years. The USDA has developed safeguards to protect the U.S. poultry industry from Bird Flu. Such safeguards are based on import restrictions, disease surveillance and a response plan for isolating and depopulating infected flocks if the disease is detected. Any significant outbreak of Bird Flu in the U.S. could have a negative impact on Darling s business by reducing demand for meat and bone meal (MBM).

Darling s business may be affected by FDA regulations relating to Bovine Spongiform Encephalopathy or BSE.

Effective August 1997, the FDA promulgated a rule prohibiting the use of mammalian proteins, with some exceptions, in feeds for cattle, sheep and other ruminant animals (21 CFR 580.2000, referred to herein as the BSE Feed Rule). The intent of this rule is to prevent the spread of BSE, commonly referred to as mad cow disease.

The following is a background to BSE in the U.S. and the regulations issued by the U.S. government in response thereto:

On December 23, 2003, a cow originally imported from Canada to the state of Washington was diagnosed to have BSE. The U.S. government subsequently banned downer animals and specified risk materials (SRM) from food and cosmetics. Cattle that are tested for BSE are also prohibited from entering the food or feed chains until the animals are verified to be negative for the disease. On January 26, 2004, the FDA announced intentions to modify its BSE Feed Rule. Subsequently, on July 14, 2004, the FDA and USDA jointly requested public comment on possible actions to further mitigate the risk of BSE. On September 30, 2004, the FDA published a guidance document indicating that, pursuant to Section 402(a)(5) of the Federal Food, Drug, and Cosmetic Act, animal feed and feed ingredients containing material from a BSE-positive animal will be considered adulterated and may not be fed to animals.

On June 24, 2005, a 12-year-old U.S.-born cow was diagnosed to have BSE. The animal was born more than four years before the FDA implemented the BSE Feed Rule in 1997. The cow was

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originally sampled at a pet food plant on November 18, 2004. Rapid screening tests for BSE were inconclusive and the carcass was incinerated so it did not enter the feed chain. Confirmation tests subsequently conducted by the USDA using immunohistochemistry (IHC) indicated the animal was negative for BSE. However, following an audit of the USDA s enhanced BSE surveillance program by the Inspector General for USDA, the sample was retested on June 18, 2005 for BSE using the Western Blot technique, another internationally accepted confirmation test. The sample was positive for BSE using the Western Blot test. Because of the conflicting results obtained from the two test methods, the sample was sent to The Veterinary Laboratories Agency in Weybridge, England, where on June 24, 2005 it was confirmed to be positive for BSE. During the subsequent USDA investigation, 67 animals from the index herd were sacrificed, tested and found to be negative for BSE. In addition, the FDA investigation found the infected animal was fed in compliance to the BSE Feed Rule and did not receive MBM of ruminant animal origin after 1997, when the rule banning such practices went into effect. The FDA concluded the animal was most likely exposed to BSE before the BSE Feed Rule was promulgated.

A few major beef packing companies have begun selling SRM-free MBM for a premium to specific customers, primarily pet food manufacturers.

As a result of the first BSE case, many foreign countries banned imports of U.S.-produced beef and beef products, including MBM. Tallow exports were briefly banned, but this initial ban was relaxed to permit imports of U.S.-produced tallow with less than 0.15% impurities. As of January 11, 2006, many foreign markets were closed to U.S. beef following the discovery of the first U.S. case of BSE, had been reopened, although some, such as Hong Kong, permit only boneless beef from U.S. cattle less than 30 months of age to be imported. Steps towards regaining the major former export markets of Japan, the largest, and South Korea, the second largest, had also been made. On December 12, 2005, Japan eased its ban by permitting meat from U.S. cattle less than 21 months of age to be imported. Two days later, South Korea s agriculture ministry concluded that U.S. beef was not a health concern, which may be an important step towards lifting that country s ban. On January 20, 2006, however, Japan suspended imports of U.S. beef because one shipment contained vertebral column, in violation of the terms of the agreement between the U.S. and Japan. The USDA immediately implemented protocols to prevent such violations in the future and began negotiations with Japan to lift the suspension. Except for Indonesia, export markets for MBM containing beef material produced in the U.S. have generally remained closed. Indonesia reopened its border to pork-free MBM in March 2005, but re-initiated its ban on U.S. MBM following the announcement that a second case of BSE had been found in the U.S.

In May 2003, the USDA closed the border to live cattle and beef from Canada after a cow with BSE was discovered there. Boneless beef derived from Canadian cattle under 30 months of age was later approved for importation into the U.S. Canadian officials found two additional cases of BSE in December 2004 and January 2005. On January 4, 2005, the USDA published a Final Rule establishing criteria for classifying geographic regions as presenting minimal-risk of introducing BSE into the U.S. This same rulemaking placed Canada into the minimal-risk category based on an extensive investigation by USDA veterinarians. Based on this classification, USDA announced its intent to reopen the Canadian border to live cattle under 30 months of age and beef from such cattle beginning March 7, 2005. Imports of SRM-free beef from cattle over 30 months of age were also to be allowed, but this action was tabled by the Secretary of Agriculture on February 9, 2005 to allow time for further study. The Ranchers Cattlemen Action Legal Fund United Stock Growers of America (R-CALF) sued the USDA and, on March 2, 2005, was granted a temporary injunction by the U.S. District Court for the District of Montana, which prevented implementation of the Minimal Risk Rule and kept the border closed to Canadian cattle. On July 14, 2005, the U.S. Ninth Circuit Court of Appeals agreed with the USDA and overturned the lower court s temporary injunction, reopening the Canadian border to cattle less than 30 months of age. The first Canadian cattle were imported into the U.S. on July 18, 2005. The importation of SRM-free beef from Canadian cattle over 30 months of age continues to be banned.

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The following are recent developments with respect to the above regulatory history:

On October 6, 2005, the FDA proposed to amend the agency s regulations to prohibit certain cattle origin materials in the food or feed of all animals, which we refer to as the Proposed Rule. The materials that are proposed to be banned include: (1) the brain and spinal cord from cattle 30 months and older that are inspected and passed for human consumption; (2) the brain and spinal cord from cattle of any age not inspected and passed for human consumption; and (3) the entire carcass of cattle not inspected and passed for human consumption if the brains and spinal cords have not been removed. In addition, the Proposed Rule provides that tallow containing more than 0.15% insoluble impurities also be banned from all animal food and feed if such tallow is derived from the proposed prohibited materials. Proposed rules are not regulations and are not enforceable. Such proposals are published to obtain public comment on actions that the agency is considering. The 75-day public comment period for the Proposed Rule closed December 20, 2005. The FDA is currently reviewing the comments submitted and has not taken any further action. Darling s management will continue to monitor this and other regulatory issues.

Effective October 7, 2005, the FDA amended its July 14, 2004 interim final rule, which prohibited the use of SRM for human food and required that tallow intended for use in human food and cosmetics contain less than 0.15% impurities. The FDA amended its original interim final rule to remain consistent with rulemaking by the Food Safety Inspection Service of the USDA regarding SRM, which was also effective on October 7, 2005. In the amended final rule, the FDA permits the use of beef small intestine for human food, provided the last 80 inches (distal ileum) of small intestine is removed and the small intestine is derived from cattle that have been inspected and passed for human consumption. The FDA also amended its list of acceptable methods for measuring insoluble impurity levels in tallow to include the methods commonly used by the tallow industry. The impurities limit does not apply to tallow used to make tallow-derivatives (fatty acids).

As of January 19, 2006, only one sample had tested positive for BSE out of more than 589,000 samples collected since June 1, 2004. Samples were collected from the highest risk cattle population, which includes non-ambulatory animals, dead cattle and healthy cattle.

The occurrence of BSE in the U.S. may result in additional U.S. government regulations, finished product export restrictions by foreign governments, market price fluctuations for Darling s finished products, reduced demand for beef and beef products by consumers, or increase Darling s operating costs.

Certain of Darling s 24 operating facilities are highly dependent upon a few suppliers.

Certain of Darling s rendering facilities are highly dependent on one or a few suppliers. Should any of these suppliers choose alternate methods of disposal, cease their operations, have their operations interrupted by casualty, or otherwise cease using Darling s collection services, the operating facilities may be materially and adversely affected.

Darling s success following consummation of the proposed acquisition will be dependent on Darling s and National By-Products key personnel.

Darling s success depends to a significant extent upon a number of key employees, including members of senior management. Likewise, Darling s success following the proposed acquisition will depend to a significant extent upon a number of key employees of National By-Products, as well, including members of National By-Products senior management. The loss of the services of one or more of the key employees mentioned above could have a material adverse effect on Darling s results of operations and prospects. Darling believes that its future success will depend in part on its ability to attract, motivate and retain skilled technical, managerial, marketing and sales personnel. Competition for personnel is intense and there can be no assurance that Darling will be successful in attracting, motivating and retaining key personnel. The failure to hire and retain such personnel could materially adversely affect Darling s business and results of operations.

In certain markets Darling is highly dependent upon the continued and uninterrupted operation of a single operating facility.

In the majority of Darling s markets, in the event of a casualty or condemnation involving a facility located in such market, Darling would utilize a nearby operating facility to continue to serve its customers in such market. In certain markets, however, Darling does not have alternate operating facilities. In the event of a casualty or condemnation, or an unscheduled shutdown, Darling may experience an interruption in its ability to service its customers and to procure raw materials. This may materially and adversely affect Darling s business and results of operations in such markets. In addition, after an operating facility affected by a casualty or condemnation is restored, there could be no assurance that customers who in the interim choose to use alternative disposal services would return to use Darling s services.

Darling has a history of net losses and Darling may incur net losses in the future that could adversely affect Darling s ability to service its indebtedness.

Darling has a recent history of net losses but has been profitable in each of the past three years. For the years ended December 29, 2001 and December 30, 2000, Darling s net losses were approximately $11.8 million and $19.2 million, respectively. Following the recapitalization of Darling completed in May 2002, Darling reported a net profit for the years ended January 1, 2005, January 3, 2004, and December 28, 2002, of approximately $13.9 million, $18.2 million and $9.0 million, respectively. If, however, Darling incurs net losses in the future, its ability to pay principal and interest on its indebtedness could be adversely affected.

In order to establish consistent profitability, Darling must achieve the following:

- maintain adequate levels of raw material volumes;
- maintain its collection fees at levels sufficient to recover an adequate portion of collection costs;
- increase gross margins to the extent of cost increases;
- maintain its distribution capability;
- maintain competitiveness in pricing; and
- continue to manage its operating expenses, which includes the energy costs associated with natural gas and diesel fuel.

There can be no assurance that Darling will achieve these objectives or attain consistent profitability.

Darling s ability to pay any dividends on its common stock may be limited.

Darling has not declared or paid cash dividends on its common stock since January 3, 1989. The payment of any dividends by Darling on its common stock in the future will be at the discretion of Darling s board of directors and will depend upon, among other things, future earnings, operations, capital requirements, Darling s general financial condition, the general financial condition of Darling s subsidiaries, limitations in its senior and subordinated credit facilities, and general business conditions. Furthermore, unitholders of National By-Products should not expect to receive cash dividends on shares of Darling common stock consistent with the distributions which they have received on their National By-Products membership units in the past.

Darling s ability to pay any cash or non-cash dividends on its common stock is subject to applicable provisions of state law and to the terms of its credit agreements. Darling s credit agreements permit Darling to pay cash dividends on Darling s common stock pursuant with the terms and conditions of those credit agreements. Moreover, under Delaware law, Darling is permitted to pay cash or accumulated dividends on Darling s capital stock, including Darling s common stock, only out of surplus, or if there is no surplus, out of Darling s net profits for the fiscal year in which a dividend is declared or for the immediately preceding fiscal year. Surplus is defined as the excess of a company s total assets over the sum of its total liabilities plus the par value of its outstanding capital stock. In order to pay dividends, Darling must have surplus or net profits equal to the full amount of the dividends at the time the dividend is declared. In determining Darling s ability to pay dividends, Delaware law permits Darling s board of directors to revalue Darling s assets and liabilities from time to time to their fair market values in order to establish the amount of surplus. Darling cannot predict what the value of Darling s assets or the amount of Darling s liabilities will be in the future and, accordingly, Darling cannot assure the holders of Darling s common stock that Darling will be able to pay dividends on Darling s common stock.

The market price of Darling s common stock could be volatile.

The market price of Darling s common stock has been subject to volatility and, in the future, the market price of Darling s common stock could fluctuate widely in response to numerous factors, many of which are beyond Darling s control. These factors include, among other things, actual or anticipated variations in Darling s operating results, earnings releases by Darling, changes in financial estimates by securities analysts, sales of substantial amounts of Darling s common stock, market conditions in the industry and the general state of the securities markets, governmental legislation or regulation, currency and exchange rate fluctuations, as well as general economic and market conditions, such as recessions.

Darling may issue additional common stock or preferred stock, which could dilute your interests.

Darling s certificate of incorporation, as amended, does not limit the issuance of additional common stock or additional series of preferred stock. As of January 24, 2006, Darling has available for issuance 35,562,590 authorized but unissued shares of common stock, of which approximately 16,413,592 will be issued at closing of the proposed acquisition, based on 64,437,410 shares of common stock outstanding at January 24, 2006, and 1,000,000 authorized but unissued shares of preferred stock that may be issued in additional series.

As a result of the recapitalization, Darling s ability to apply federal income tax net operating loss carryforwards will be limited.

As a result of its May 2002 recapitalization, Darling s ability to use federal income tax net operating loss carryforwards to offset future taxable income that may be generated is limited. In particular, Darling has undergone a change in ownership under Section 382 of the Internal Revenue Code, which we refer to as the Code, as a result of the recapitalization. By virtue of such a change in ownership, an annual limitation (generally equal to the pre-change value of Darling s stock multiplied by the adjusted federal tax-exempt rate, which is set monthly by the Internal Revenue Service, which we refer to as the IRS, based on prevailing interest rates and equal to 5.01% for May 2002) will be applied to the use of those net operating loss carryforwards against future taxable income.

Darling has debt and interest payment requirements that could adversely affect its ability to operate its business.

Darling has indebtedness that could have important consequences to the holders of Darling s securities including the risks that:

- if the acquisition is consummated, Darling will be required to use approximately $8.9 million of its cash flow from operations in Fiscal 2006 to pay its indebtedness, thereby reducing the availability of its cash flow to fund the implementation of Darling s business strategy, working capital, capital expenditures, product development efforts and other general corporate purposes;

- Darling s interest expense could increase if interest rates in general increase because a portion of Darling s debt will bear interest based on market rates;

- Darling s level of indebtedness will increase its vulnerability to general adverse economic and industry conditions;

- Darling s debt service obligations could limit Darling s flexibility in planning for, or reacting to, changes in Darling s business;

Darling s level of indebtedness may place it at a competitive disadvantage compared to its competitors that have less debt; and

a failure by Darling to comply with financial and other restrictive covenants in the agreements governing Darling s indebtedness could result in an event of default and could have a material adverse effect on Darling.

As of January 24, 2006, Darling had outstanding senior subordinated debt of $35 million and senior bank secured term loans of $13.25 million and had no senior secured revolving loans outstanding under Darling s credit agreements. As of such date, five letters of credit in the face amounts of $7.2 million, $4.1 million, $2.5 million, $0.8 million and $0.3 million, a total of $14.9 million in letters of credit, were issued and outstanding under the senior credit facility. As of January 24, 2006, Darling is able to incur additional indebtedness in the future, including approximately $35.1 million of additional debt available under Darling s revolving credit facility. Additional indebtedness will increase the risks described above. All borrowings under Darling s credit agreement are secured and senior to Darling s securities.

If the acquisition is consummated, Darling expects to have outstanding senior bank debt of $100 million. Furthermore, Darling expects to have letters of credit of $20 million in the aggregate issued and outstanding under its senior credit facility. Darling will be able to incur additional indebtedness following the closing, including approximately $55 million of additional debt under this facility.

Darling may pursue other strategic alliances and acquisitions that could disrupt its operations or fail to result in the benefits that it anticipated.

Darling may continue to make strategic acquisitions of companies, products or technologies or enter into strategic alliances as necessary to implement its business strategy. If Darling is unable to fully integrate acquired businesses, products or technologies with its operations, it may not receive the intended benefits of these acquisitions. The success of Darling s existing and future joint ventures and strategic alliances depends in part on the ability of the other parties to these transactions to fulfill their obligations. These acquisitions and joint ventures, and others that Darling may pursue, may subject Darling to unanticipated risks or liabilities or disrupt its operations and divert management s attention from day-to-day operations.

Risk Factors Relating to National By-Products

National By-Products results of operations and cash flow may be reduced by decreases in the market price of its products.

National By-Products finished products are commodities, the prices of which are quoted on established commodity markets. Accordingly, National By-Products results of operations will be affected by fluctuations in the prevailing market prices of such finished products. A significant decrease in the market price of National By-Products products would have a material adverse effect on National By-Products results of operations and cash flow.

The most competitive aspect of National By-Products business is the procurement of raw materials.

National By-Products management believes that the most competitive aspect of National By-Products business is the procurement of raw materials rather than the sale of finished products. During the last ten plus years, pronounced consolidation within the meat packing industry has resulted in bigger and more efficient slaughtering operations, the majority of which utilize captive processors. Simultaneously, the number of small meat packers, which have historically been a dependable source of supply for non-captive processors, such as National By-Products, has decreased significantly. Although the total amount of slaughtering may be flat or only moderately increasing, the availability, quantity and quality of raw materials available to the independent processors from these sources have all decreased. Major competitors include: Darling International, Sanimax and Griffin Industries. Each of these businesses compete in both the Rendering and Restaurant Service segments. A significant decrease in raw materials available could materially and adversely affect National By-Products business and results of operations.

The rendering and restaurant services industry is highly fragmented and very competitive. National By-Products competes with other rendering and restaurant services businesses and alternative methods of disposal of animal processing by-products and used restaurant cooking oil provided by trash haulers and waste management companies, as well as the alternative of illegal disposal. National By-Products charges a collection fee to offset a portion of the cost incurred in collecting raw material. To the extent suppliers of raw materials look to alternate methods of disposal, whether as a result of National By-Products collection fees being deemed too expensive or otherwise, National By-Products raw material supply will decrease and National By-Products collection fee revenues will decrease, which could materially and adversely affect National By-Products business and results of operations.

National By-Products may incur material costs and liabilities in complying with government regulations.

National By-Products is subject to the rules and regulations of various federal, state and local governmental agencies. Material rules and regulations and the applicable agencies are:

- the FDA, which regulates food and feed safety;

- the USDA, including its agencies APHIS and FSIS, which regulates collection and production methods;

- the EPA, which regulates air and water discharge requirements, as well as local and state agencies governing air and water discharge;

- State Departments of Agriculture, which regulate animal by-product collection and transportation procedures and animal feed quality; and

- the USDOT, as well as local and state agencies, which regulate the operation of National By-Products commercial vehicles.

Such rules and regulations may influence National By-Products operating results at one or more facilities. There can be no assurance that National By-Products will not incur material costs and liabilities in connection with such regulations.

National By-Products is highly dependent on natural gas.

National By-Products operations are highly dependent on the use of natural gas. A material increase in natural gas prices over a sustained period of time could materially adversely affect National By-Products business, financial condition and results of operations. See National By-Products Management s Discussion and Analysis of Financial Condition and Results of Operations beginning on page 84 for a recent history of the effects on National By-Products of natural gas pricing.

National By-Products business may be affected by FDA regulations relating to BSE.

Effective August, 1997, the FDA promulgated a rule prohibiting the use of mammalian proteins, with some exceptions, in feeds for cattle, sheep and other ruminant animals. The intent of this rule is to prevent the spread of BSE, commonly referred to as mad cow disease. National By-Products management believes that National By-Products is in compliance with the provisions of the rule.

A case of BSE was diagnosed in a cow in the State of Washington on December 23, 2003. Within days of the media reports of the case of BSE, many countries moved to ban imports of U.S.-produced beef and beef products, including meat and bone meal and initially tallow, though this initial ban on tallow was relaxed to permit imports of U.S.-produced tallow with less than 0.15% impurities. The U.S. government issued regulations in response to the case of BSE which include:

- On December 30, 2003, the Secretary of Agriculture announced new beef slaughter/meat processing regulations to assure of the safety of the meat supply. The regulations prohibit non-ambulatory animals from entering the food chain, require removal of SRM at slaughter and prohibit carcasses from cattle tested for BSE from entering the food chain until the animals are shown negative for BSE.

On January 26, 2004, the FDA announced intentions to modify its feed rule (21 CFR 589.2000) by removing the exemptions for certain products, including blood and blood products, and requiring dedicated processing lines for handling and processing restricted use and exempted proteins. On July 14, 2004, the FDA requested public comment on their intended modifications to the feed rule as well as regulations that would: 1) prohibit material derived from SRM and dead or non-ambulatory cattle in animal feed; 2) prohibit all animal proteins in feed for ruminant animals; and/or 3) require that only BFT either derived from SRM-free material or containing less than 0.15% impurities be allowed in animal feed. Only questions were posed in this announcement of proposed rulemaking, to which National By-Products, among others, responded in comments submitted to the FDA. No new regulations affecting animal feed or modifying the feed rule have been issued to date. This situation will likely continue to be fluid into Fiscal 2006.

On January 26, 2004, the FDA announced its intent to ban the use of certain animal tissue derived materials in food and supplements. Subsequently, on July 14, 2004, the FDA published regulations prohibiting: 1) SRM from human food and cosmetics; and 2) SRM and non-ambulatory or dead cattle from cosmetics. BFT that is either derived from SRM-free raw materials or contains less than 0.15% hexane insoluble impurities will be permitted in human food, supplements and cosmetics. Derivatives of BFT (glycerin and fatty acids) are exempt from these regulations. On September 30, 2004, the FDA issued Guidance Document #174 , which cited the agency s statutory authority to consider animal feed and feed ingredients derived from a BSE-positive animal to be adulterated and prohibit the use of adulterated material in animal feed.

The occurrence of BSE in the United States may result in additional U.S. government regulations, finished product export restrictions by foreign governments, market price fluctuations for National By-Products finished products, reduced demand for beef and beef products by consumers, or increase National By-Products operating costs. The impact of the occurrence of the case of BSE is not fully known at this time, but may positively or negatively impact National By-Products results of operations in the future.

National By-Products success is dependent on National By-Products key personnel.

National By-Products success depends to a significant extent upon a number of key employees, including members of senior management. The loss of the services of one or more of these key employees could have a material adverse effect on National By-Products results of operations and prospects. National By-Products believes that its future success will depend in part on its ability to attract, motivate and retain skilled technical, managerial, marketing and sales personnel. Competition for such personnel is intense and there can be no assurance that National By-Products will be successful in attracting, motivating and retaining key personnel. The failure to hire and retain such personnel could materially adversely affect National By-Products business and results of operations.

In certain markets National By-Products is highly dependent upon the continued and uninterrupted operation of a single operating facility.

In the majority of National By-Products markets, in the event of a casualty or condemnation involving a facility located in such market, National By-Products would utilize a nearby operating facility to continue to serve its customers in such market. In certain markets, however, National By-Products does not have alternate operating facilities. In the event of a casualty or condemnation, or an unscheduled shutdown, National By-Products may experience an interruption in its ability to service its customers and to procure raw materials. This may materially and adversely affect National By-Products business and results of operations in such markets. In addition, after an operating facility affected by a casualty or condemnation is restored, there could be no assurance that customers who in the interim choose to use alternative disposal services would return to use National By-Products services.

Restrictions imposed by National By-Products credit agreements and future debt agreements may limit its ability to finance future operations or capital needs or engage in other business activities that may be in National By-Products interest.

National By-Products credit agreements currently, and future debt agreements may, restrict its ability to:

- incur additional indebtedness;
- pay distributions and make other distributions;
- make restricted payments;
- create liens;
- merge, consolidate or acquire other businesses;
- sell and otherwise dispose of assets;
- enter into transactions with affiliates;
- make investments, loans and advances;
- guarantee indebtedness or other obligations;
- enter into sale-leaseback, synthetic leases, or similar transactions;
- enter into hedge agreements;
- make changes to its corporate name, fiscal year, capital structure and constituent documents; and
- engage in new lines of business unrelated to National By-Products current businesses.

These terms may impose restrictions on National By-Products ability to finance future operations, implement its business strategy, fund its capital needs or engage in other business activities that may be in its interest. In addition, National By-Products credit agreements require, and future indebtedness may require, National By-Products to maintain compliance with specified financial ratios. Although National By-Products is currently in compliance with the financial ratios and does not plan on engaging in transactions that may cause National By-Products not to be in compliance with the ratios, its ability to comply with these ratios may be affected by events beyond its control, including the risks described in the other risk factors and elsewhere in this report.

A breach of any of these restrictive covenants or National By-Products inability to comply with the required financial ratios could result in a default under the credit agreements. In the event of a default under the credit agreements, the lenders under the credit agreements may elect to declare all borrowings outstanding, together with accrued and unpaid interest and other fees, to be immediately due and payable. The lenders will also have the right in these circumstances to terminate any commitments they have to provide further financing, including under the revolving credit facility.

If National By-Products is unable to repay these borrowings when due, the lenders under the credit agreements also will have the right to proceed against the collateral, which consists of substantially all of National By-Products assets, including real property and cash. If the indebtedness under the credit agreements were to be accelerated, National By-Products assets may be insufficient to repay this indebtedness in full under those circumstances. Any future credit agreements or other agreement relating to National By-Products indebtedness to which National By-Products may become a party may include the covenants described above and other restrictive covenants.

In order to establish consistent profitability, National By-Products must achieve the following:

- maintain adequate levels of raw material volumes;
- maintain its collection fees at levels sufficient to recover an adequate portion of collection costs;
- increase gross margins to the extent of cost increases;
- maintain its distribution capability;
- maintain competitiveness in pricing; and
- continue to manage its operating expenses.

There can be no assurance that National By-Products will achieve these objectives or attain consistent profitability.

National By-Products ability to pay any distributions may be limited.

Effective January 11, 2002, National By-Products was reorganized as a limited liability company pursuant to Section 301 of the Iowa Limited Liability Company Act. The current taxable income of National By-Products flows through to and is reportable by the members of National By-Products. National By-Products intends to disburse funds in the form of a tax distribution to members to satisfy the tax obligations incurred from the taxable income passed through to and reportable by the members of National By-Products. In addition, National By-Products has declared and paid special distributions in Fiscal 2005, Fiscal 2004 and Fiscal 2003.

The payment of any distributions by National By-Products to its members in the future will be at the discretion of National By-Products board of managers and will depend upon, among other things, future earnings, operations, capital requirements, National By-Products general financial condition, potential acquisitions and other business needs.

National By-Products ability to pay any cash or noncash distributions to its members is subject to applicable provisions of state law and to the terms of its credit agreements. National By-Products credit agreements permit National By-Products to pay cash distributions to its members pursuant with the terms and conditions of National By-Products credit agreements that limit the distributions to National By-Products excess cash flow for the fiscal year in which a dividend is declared or for the immediately preceding fiscal year.

National By-Products cannot predict what the cash flow of National By-Products will be in the future and, accordingly, National By-Products cannot assure the holders of National By-Products membership units that National By-Products will be able to pay distributions in an amount needed to pay the tax obligations passed through to and reportable by the members of National By-Products.

The trading of National By-Products membership units is restricted and market value could fluctuate widely.

There is no trading market for National By-Products membership units. The units are prohibited from transfer on an established securities market or secondary market by National By-Products articles of organization, operating agreement and bylaws. Accordingly, transfers of the units have been limited. National By-Products retains a broker to act as matchmaker for buyers and sellers. Due to limited buyers and sellers and the restrictions on transfer, the opportunity to buy or sell National By-Products membership units is severely limited. The market price of National By-Products membership units could fluctuate widely in response to numerous factors, many of which are beyond National By-Products control. These factors include, among other things, restrictions on transfer, willing buyer or seller, actual or anticipated variations in National By-Products operating results, sales of substantial amounts of National By-Products membership units, market conditions in the industry and the general state of the securities markets, governmental legislation or regulation, currency and exchange rate fluctuations, as well as general economic and market conditions, such as recessions.

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National By-Products may issue additional membership units, which could dilute your interests.

National By-Products articles of organization, operating agreement and bylaws, do not limit the issuance of additional membership units. As of October 1, 2005, National By-Products has authorized 10,000,000 common units and 5,000,000 series preferred units and has available for issuance 8,793,687 authorized but unissued units of common units and 5,000,000 authorized but unissued units of series preferred units that may be issued in additional series.

National By-Products has limited borrowing capacity that could adversely affect its ability to operate its business.

National By-Products has limited borrowing capacity which could have important consequences to the holders of National By-Products membership units including the risks that:

National By-Products limited borrowing capacity could limit National By-Products flexibility in planning for, or reacting to, changes in National By-Products business;

a failure by National By-Products to comply with financial and other restrictive covenants in the agreements governing National By-Products indebtedness, which could result in an event of default and could have a material adverse effect on National By-Products; and

National By-Products may need to pursue additional financing to fund the implementation of National By-Products business strategy, working capital, capital expenditures, product development efforts and other general corporate purposes.

As of October 1, 2005, National By-Products had no outstanding term debt and $2.6 million of revolving loans outstanding under National By-Products credit agreements. As of such date, two letters of credit in the face amounts of $1.0 million and $0.8 million, for a total of $1.8 million in letters of credit, were issued and outstanding under the senior credit facility. As of October 1, 2005, National By-Products is able to incur additional indebtedness in the future, including approximately $16.6 million of additional debt available under National By-Products revolving credit facility. Additional indebtedness will increase the risks described above. All borrowings under National By-Products credit agreement are secured and senior to National By-Products membership units. For risks associated with the restrictive covenants in National By-Products debt instruments, see the risk factor entitled Restrictions imposed by National By-Products credit agreements and future debt agreements may limit its ability to finance future operations or capital needs or engage in other business activities that may be in National By-Products interest beginning on page 31.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this joint proxy statement/ prospectus and in the documents that are incorporated by reference into this joint proxy statement/ prospectus. These forward-looking statements relate to Darling s or National By-Products outlook or expectations for earnings, revenues, expenses, asset quality or other future financial or business performance, strategies or expectations, or the impact of legal, regulatory or supervisory matters on Darling s or National By-Products business, results of operations or financial condition. Specifically, forward looking statements may include:

- statements relating to the benefits of the acquisition, including anticipated synergies and cost savings estimated to result from the acquisition;
- statements relating to future business prospects, revenue, income and financial condition of Darling, National By-Products and the resulting company;
- statements relating to revenues, number of customers and points of distribution of the resulting company after the acquisition; and
- statements preceded by, followed by or that include the words estimate, may, plan, project, forecast, inten expect, anticipate, believe, seek, target or similar expressions.

These statements reflect Darling s and National By-Products management s judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.

In addition to those factors discussed under the heading Risk Factors above, and in Darling s other public filings with the SEC, important factors that could cause actual results to differ materially from Darling s expectations include:

- the company s continued ability to obtain sources of supply for its rendering operations;
- general economic conditions in the American, European and Asian markets;