CLEAN HARBORS INC
Form 10-K
March 02, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

COMMISSION FILE NO. 001-34223

CLEAN HARBORS, INC.
(Exact name of registrant as specified in its charter)

Massachusetts (State or other jurisdiction of incorporation or organization)	04-2997780 (IRS Employer Identification No.)
42 Longwater Drive, Norwell, MA (Address of principal executive offices)	02061-9149 (Zip Code)

Registrant's telephone number: (781) 792-5000

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

Title of each class:	Name of each exchange on which registered:
Common Stock, $.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934:
None

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

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

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

Large accelerated filer ý Accelerated filer o Non-accelerated filer o Smaller reporting company o

(Do not check if a smaller
reporting company)

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

On June 30, 2014 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the voting and non-voting common stock of the registrant held by non-affiliates of the registrant was approximately $3.5 billion, based on the closing price of such common stock as of that date on the New York Stock Exchange. Reference is made to Part III of this report for the assumptions on which this calculation is based.

On February 25, 2015, there were outstanding 58,912,124 shares of Common Stock, $.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement for its 2015 annual meeting of stockholders (which will be filed with the Commission not later than April 30, 2015) are incorporated by reference into Part III of this report.

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Disclosure Regarding Forward-Looking Statements

In addition to historical information, this annual report contains forward-looking statements, which are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans to," "estimates," "projects," or similar expressions. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in this report under Item 1A, "Risk Factors," and Item 7, "Management's Discussion and Analysis on Financial Condition and Results of Operations." Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. Readers should also carefully review the risk factors described in other documents which we file from time to time with the Securities and Exchange Commission (the "SEC"), including the quarterly reports on Form 10-Q to be filed by us during 2015.

PART I

ITEM 1. BUSINESS

General

Clean Harbors, Inc. and its subsidiaries (collectively, "we," "Clean Harbors" or the "Company") is a leading provider of environmental, energy and industrial services throughout North America.

During the second quarter of 2014, we made changes to the manner in which we manage our business, make operating decisions and assess performance. These changes included the reassignment of certain departments among our operating segments in line with management reporting changes as well as the identification of Lodging Services as an additional segment. Under the new structure, our operations are managed in six reportable segments: Technical Services, Industrial and Field Services which consists of the Industrial Services and Field Services operating segments, Oil Re-refining and Recycling, SK Environmental Services, Lodging Services and Oil and Gas Field Services. The amounts presented for all periods in this report have been recast to reflect the impact of such changes.

- Technical Services — provides a broad range of hazardous material management services including the packaging, collection, transportation, treatment and disposal of hazardous and non-hazardous waste at our incineration, landfill, wastewater and other treatment facilities.
- Industrial and Field Services — provides industrial and specialty services such as high-pressure and chemical cleaning, catalyst handling, decoking, material processing, and industrial lodging services to refineries, chemical plants, oil sands facilities, pulp and paper mills, and other industrial facilities. Also provides a wide variety of environmental cleanup services on customer sites or other locations on a scheduled or emergency response basis including tank cleaning, decontamination, remediation, and spill cleanup.
- Oil Re-refining and Recycling — processes used oil into high quality base and blended lubricating oils which are then sold to third party customers, and provides recycling of oil in excess of our current re-refining capacity into recycled fuel oil which is then sold to third parties. Processing into base and blended lubricating oils takes place in our three owned and operated re-refineries and recycling of oil into recycled fuel oil takes place in one of our used oil terminals.
- SK Environmental Services — consists of Safety-Kleen's branches and provides a broad range of environmental services such as parts cleaning, containerized waste services, oil collection, and other complementary products and services, including vacuum services, allied products and other environmental services.
- Lodging Services — provides lodges and remote workforce accommodation facilities throughout Western Canada. These include both client and open lodges, operator camps, and drill camps. Also included within the segment are manufacturing of modular units and wastewater processing plants, operating services and parts.
- Oil and Gas Field Services — provides fluid handling, fluid hauling, production servicing, surface rentals, seismic services, and directional boring services to the energy sector serving oil and gas exploration and production, and power generation.

Clean Harbors, Inc. was incorporated in Massachusetts in 1980 and our principal office is located in Norwell, Massachusetts. We maintain a website at the following Internet address: http://www.cleanharbors.com. Through a link on this website to the SEC website, http://www.sec.gov, we provide free access to our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15

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(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after electronic filing with the SEC. Our guidelines on corporate governance, the charters for our board committees, and our code of ethics for members of the board of directors, our chief executive officer and our other senior officers are also available on our website, and we will post on our website any waivers of, or amendments to, such code of ethics. Our website and the information contained therein or connected thereto are not incorporated by reference into this annual report.

Health and Safety

Health and Safety is our #1 priority—companywide. Employees at all levels of our Company share this philosophy and are committed to ensuring our safety goals are met. Our commitment to health and safety benefits everyone—our employees, our customers, the community, and the environment. In 2014 we continued with our very successful Safety Starts With Me: Live It 3-6-5 program which is a key component in our overall safety program and along with our many other programs has continued to lower our Total Recordable Incident Rate, or "TRIR;" Days Away, Restricted Activity and Transfer Rate, or "DART;" and Experience Modification Rate, or "EMR." For the year ended December 31, 2014, our Company wide TRIR, DART and EMR were 1.57, 1.01 and 0.54, respectively. For the year ended December 31, 2013, our Company wide TRIR, DART and EMR were 1.78, 1.11 and 0.60, respectively.

In order to protect our employees, continue to lower our incident rates, and satisfy our customers' demands to retain the best service providers with the lowest TRIR, DART and EMR rates, we are fully committed to continuously improving our health and safety performance. All employees recognize the importance of protecting themselves, their fellow employees, their customers, and all those around them from harm. This commitment is supported by the philosophies and Golden Rules of Safety that is the cornerstone of the Safety Starts with Me: Live It 3-6-5 program. Live It 3-6-5 is our dedication to the safety of our workers through each and every employee’s commitment to our three Safety philosophies, our six Golden Rules of Safety and each employee’s five personal reasons why they choose to be safe both at work, on the road and at home.

Compliance

We regard compliance with applicable environmental regulations as a critical component of our overall operations. We strive to maintain the highest professional standards in our compliance activities. Our internal operating requirements are in many instances more stringent than those imposed by regulation. Our compliance program has been developed for each of our waste management facilities and service centers under the direction of our compliance staff. The compliance staff is responsible for facilities permitting and regulatory compliance, compliance training, transportation compliance, and related record keeping. To ensure the effectiveness of our regulatory compliance program, our compliance staff monitors daily operational activities. We also have an Environmental Health and Safety Compliance Internal Audit Program designed to identify any weaknesses or opportunities for improvement in our ongoing compliance programs. We also perform periodic audits and inspections of the disposal facilities owned by other companies which we utilize.

Our facilities are frequently inspected and audited by regulatory agencies, as well as by customers. Although our facilities have been cited on occasion for regulatory violations, we believe that each of our facilities is currently in substantial compliance with applicable permit requirements.

Strategy

Our strategy is to develop and maintain ongoing relationships with a diversified group of customers that have recurring needs for environmental, energy or industrial services. We strive to be recognized as the premier supplier of a broad range of value-added services based upon quality, responsiveness, customer service, information technologies, breadth of service offerings and cost effectiveness.

The principal elements of our business strategy are to:

- Expand Service Offerings and Geographic Coverage—We believe our Technical and Industrial and Field Services segments, as well as our SK Environmental Services branches, have a competitive advantage, particularly in areas where service locations are located at or near a treatment, storage and disposal facility, or "TSDF." By opening additional service locations in close proximity to our TSDFs, we believe that we can, with minimal capital expenditures, increase our market share within the Industrial and Field Services segment. We believe this will drive additional waste to our existing facilities, thereby increasing utilization and enhancing overall profitability.
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Cross-Sell Across Segments—We believe the breadth of our service offerings allows us to provide additional services to existing customers. In particular, we believe we can provide industrial and field services to customers that traditionally have only used our technical services and technical services to customers that use our industrial services or oil and gas field services. At the same time, we see a variety of cross-selling opportunities between our Technical, Industrial and Field Services offerings and SK Environmental Services' 200,000 customers. Evidencing this strategy,

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we have been successfully cross selling the services of Safety-Kleen, Inc. ("Safety-Kleen"), since our acquisition of Safety-Kleen in December 2012, such as parts washers, allied products and recycling services, to legacy Clean Harbors customers. We believe leveraging our ability to cross-sell across all of our segments will drive additional revenue for our Company.

- Capture Large-Scale Projects—We provide turnkey offsite transportation and landfill or incineration disposal services for soil and other contaminated media generated from remediation activities. We also assist remediation contractors and project managers with support services including groundwater disposal, investigation derived waste disposal, rolloff container management, and many other related services. We believe this will drive incremental waste volume to our existing facilities, thereby increasing utilization and enhancing overall profitability.
- Expand Throughput Capacity of Existing Waste Facilities—We operate an extensive network of hazardous waste management facilities and have made substantial investments in these facilities, which provide us with significant operating leverage as volumes increase. In addition, there are opportunities to expand waste handling capacity at these facilities by modifying the terms of the existing permits and by adding equipment and new technology. Through selected permit modifications, we can expand the range of treatment services offered to our customers without the large capital investment necessary to acquire or build new waste management facilities.
- Pursue Selective Acquisitions—We actively pursue accretive acquisitions in certain services or market sectors where we believe such acquisitions can enhance and expand our business. We believe that we can expand existing services, especially in our non-disposal services, through strategic acquisitions in order to generate incremental revenues from existing and new customers and to obtain greater market share.
- Execute Strategic Divestitures—To complement our acquisition strategy and our focus on internal growth, we regularly review and evaluate our existing operations to determine whether our business model should change through the divestiture of certain businesses. Accordingly, from time to time, we may divest certain non-core businesses and reallocate our resources to businesses that better align with our long-term strategic direction.
- Focus on Cost, Pricing and Productivity Initiatives—We continually seek to increase efficiency and to reduce costs in our business through enhanced technology, process efficiencies and stringent expense management. In 2014, we successfully executed a significant cost reduction program that included headcount reductions, branch consolidations, reduction in third-party rentals, greater internalization of maintenance costs, procurement and supply chain improvements and lowering reliance on outside transportation.

Acquisitions and Divestitures

An element of our business strategy involves expansion through the acquisition of businesses that complement our existing company and create multiple opportunities for profitable growth.

On February 4, 2015, we announced in a joint press release that a definitive agreement has been reached whereby we will acquire Thermo Fluids Inc. for a preliminary purchase price of $85.0 million in cash, subject to customary post-closing adjustments based upon finalized working capital amounts. We expect to complete the acquisition, which is subject to customary closing conditions, including, but not limited to, regulatory approval, in March 2015.

In 2014, we acquired the assets of two privately owned companies for approximately $16.1 million in cash, net of cash acquired. The purchase price is subject to customary post-closing adjustments based upon finalized working capital amounts. The acquired companies have been integrated into the Technical Services and Lodging Services segments.

On September 13, 2013, we acquired all of the outstanding shares of Evergreen Oil, Inc. (“Evergreen”) for approximately $56.3 million in cash, net of cash acquired. Evergreen, headquartered in Irvine, California, specializes in the recovery and re-refining of used oil. Evergreen owns and operates one of the only oil re-refining operations in the western United States and also offers other ancillary environmental services, including parts cleaning and containerized waste services, vacuum services and hazardous waste management services. The acquisition of Evergreen enables us to further penetrate the small quantity waste generator market and further expand its oil re-refining, oil recycling and waste treatment capabilities. Financial information and results of Evergreen have been recorded in our consolidated financial statements since acquisition and are primarily included in the Oil Re-refining and Recycling segment.

On January 20, 2015, we announced, as a result of our strategic review, plans to carve out primarily our Oil and Gas Field Services segment into a new standalone public Company. Due to the synergies related to drilling activity, we may also include our lodging drill camps business from our Lodging Services segment as part of that new Company. Timing could take more than 12 months and completion of the carve-out is subject to certain conditions including, but not limited to, market conditions, determination of the most advantageous structure from a financial and tax standpoint, overall costs to our Company, receipt of regulatory approvals, compliance with our debt covenants, the effectiveness of securities laws filings and final approval by our

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board of directors. There can be no assurance regarding the ultimate structure and timing of the proposed transaction or whether the transaction will be completed.

For additional information relating to our acquisition activities during fiscal years 2014, 2013 and 2012, see Note 3, "Business Combinations," to our consolidated financial statements included in Item 8 of this report.

Protecting the Environment and Corporate Sustainability

Our core business is to provide industry, government and the public a wide range of environmental, energy and industrial services that protect and restore North America's natural environment.

As North America's premier provider of environmental as well as energy and industrial services, our first goal is to help our customers prevent the release of hazardous wastes into the environment. We also are the leading service provider in the recovery and decontamination of pollutants that have been released to the environment. This includes the safe destruction or disposal of hazardous materials in a manner that ensures these materials are no longer a danger to the environment. When providing these services, we are committed to the recycling, reuse and reclamation of these wastes whenever possible using a variety of methods more fully explained below in the sections describing our general operations. Our Safety-Kleen branded services exemplify our commitment to sustainability and providing environmental solutions to the marketplace. Where possible, liquids such as solvents, chemicals and used oil are recycled to our high-quality standards and made into useful products. Tolling programs provide a closed-loop cycle in which the customer's spent solvents are recycled to their precise specifications and returned directly to them.

As the largest re-refiner and recycler of used oil in the world, we returned more than 160 million gallons of new re-refined oil, lubricants and byproducts back into the marketplace. In 2014, our re-refining process eliminated over one million metric tons of greenhouse gas ("GHG"), which is the equivalent of growing more than 29 million trees for 10 years in an urban environment, or taking over 200,000 passenger cars off the road for one year.

We have also become the leading North American provider of services to protect the ozone layer from the destructive effects of chlorofluorocarbons, or "CFCs," which are ozone layer depleting substances and global warming compounds that have global warming potentials up to 10,000 times more powerful than carbon dioxide. Global-warming potential is a relative measure of how much heat a green house gas traps in the atmosphere.

We have the most U.S. Environmental Protection Agency, or "EPA," approved CFC disposal capacity regulated under the Montreal Protocol, and we destroyed approximately 203,000 pounds of CFCs in 2014 at our El Dorado, Arkansas facility. The destruction of this volume of CFCs led to the creation of approximately 625,000 metric tons of avoided carbon dioxide emissions, which is the equivalent of taking over approximately 132,000 passenger cars off the road for one year.

One of our most highly visible public programs for various governmental and community entities involves the removal of thousands of tons of hazardous wastes, from households throughout the United States and Canada, that might otherwise be improperly disposed of or become dangerous to the communities where they are stored.

As we provide these wide-ranging services throughout North America, we are committed to ensuring that our own operations are environmentally responsible. Our sustainability efforts are guided by a formal policy, strategy and plan and we continue to build on our past efforts, such as implementing numerous energy efficiency improvements and various transportation initiatives. Our 1.5 Mw solar array at a closed and capped landfill in New Jersey continues to provide virtually all of the power for the ongoing operation of the onsite ground water decontamination pump and treatment system.

Competitive Strengths

- Leading Provider of Environmental, Energy and Industrial Services—We are one of the largest providers of environmental, energy and industrial services and the largest operator of non-nuclear hazardous waste treatment facilities in North America. We provide multi-faceted and low cost services to a broad mix of customers. We attract and better serve our customers because of our capabilities and the size, scale and geographic location of our assets, which allow us to serve multiple locations. Based on latest industry data, we service approximately 65% of North America's commercial hazardous incineration volume and 24% of North America's hazardous landfill volume.
- Large and Diversified Customer Base—Our customers range from Fortune 500 companies to midsize and small public and private entities that span multiple industries and business types, including governmental entities. This diversification limits our credit exposure to any one customer and potential cyclicality to any one industry. As a

percentage of our 2014 revenues, the top 100 customers we serviced totaled 38% and the top ten industries we serviced totaled approximately 74% and included refineries and oil sands (12%), base oil, blenders and packagers(11%), chemical (11%), general manufacturing (10%), oil and gas production (7%), automotive (7%), energy and consulting (5%), terminals and pipelines (4%), utilities (4%) and government (3%).

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- Stable and Recurring Revenue Base—We have long-standing relationships with our customers. Our diversified customer base also provides stable and recurring revenues as a majority of our revenues are derived from previously served customers with recurring needs for our services. In addition, switching costs for many of our customers are high. This is due to many customers' desire to audit disposal facilities prior to their qualification as approved sites and to limit the number of facilities to which their hazardous wastes are shipped in order to reduce their potential liability under United States and Canadian environmental regulations. We have been selected as an approved vendor by large and small generators of waste because we possess comprehensive collection, recycling, treatment, transportation, disposal, and waste tracking capabilities and have the expertise necessary to comply with applicable environmental laws and regulations. Those customers that have selected us as an approved vendor typically continue to use our services on a recurring basis.
- Comprehensive Service Capabilities—Our comprehensive service offerings allow us to act as a full-service provider to our customers. Our full-service orientation creates incremental revenue growth as customers seek to minimize the number of outside vendors and demand "one-stop shop" service providers.
- Integrated Network of Assets—We believe we operate, in the aggregate, the largest number of hazardous waste incinerators, landfills, treatment facilities and TSDFs in North America. Our broad service network enables us to effectively handle a waste stream from origin through disposal and to efficiently direct and internalize our waste streams to reduce costs. As our processing of wastes increases, our size allows us to increase our profit margins as we can internalize a greater volume of waste in our incinerators and landfills.
- Regulatory Compliance—We continue to make capital investments in our facilities to ensure that they are in compliance with current federal, state, provincial and local regulations. Companies that rely on in-house disposal may find the current regulatory requirements to be too capital intensive or complicated, and may choose to outsource many of their hazardous waste disposal needs.
- Effective Cost Management—Our significant scale allows us to maintain low costs through standardized compliance procedures, significant purchasing power, research and development capabilities and our ability to efficiently utilize logistics and transportation to economically direct waste streams to the most efficient facility. We also have the ability to transport and process with internal resources the substantial majority of all hazardous waste that we manage for our customers.
- Proven and Experienced Management Team—Our executive management team provides depth and continuity. Our 13 executive officers collectively have approximately 240 years of experience in the environmental, energy and industrial services industries. Our chief executive officer founded our Company in 1980, and the average experience of the 12 other members of the executive management team is approximately 17 years.

Operations

General

Seasonality and Cyclical Nature of Business. Our operations may be affected by seasonal fluctuations due to weather and budgetary cycles influencing the timing of customers' spending for remedial activities. Typically during the first quarter of each year there is less demand for environmental services due to the cold weather, particularly in the Northern and Midwestern United States and Canada. Accordingly, reduced volumes of waste are received at our facilities and higher operating costs are associated with operating in sub-freezing weather and high levels of snowfall. In addition, factory closings for the year-end holidays reduce the volume of industrial waste generated, which results in lower volumes of waste handled by us during the first quarter of the following year.

Conversely, typically during the first quarter of each year there is more demand for our Industrial and Field Services and Oil and Gas Field Services segments due to the cold weather, particularly in Alberta, Canada, and less demand during the warmer months. The main reason for this is that the areas we service in Alberta are easier to access when the cold conditions make the terrain more suitable for companies to deploy their equipment. During the warmer months, thawing and muddy conditions may impede deployment of equipment.

Geographical Information. For the year ended December 31, 2014, we generated $2,414.6 million or 71.0% of revenues in the United States and Puerto Rico, $982.1 million or 28.9% of revenues in Canada, and less than 1% of revenues in other international locations. For the year ended December 31, 2013, we generated $2,376.2 million or 67.7% of revenues in the United States and Puerto Rico, $1,125.0 million or 32.1% of revenues in Canada, and less than 1% of revenues in other international locations. For additional information about the geographical areas from which our revenues are derived and in which our assets are located, see Note 17, "Segment Reporting," to our consolidated financial statements included in Item 8 of this report.

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Technical Services

These services involve the collection, transportation, treatment and disposal of hazardous and non-hazardous wastes, and include resource recovery, physical treatment, fuels blending, incineration, landfill disposal, wastewater treatment, lab chemical disposal, explosives management, and CleanPack® services. Our CleanPack services include the collection, identification and categorization, specialized packaging, transportation and disposal of laboratory chemicals and household hazardous wastes. Our technical services are provided through a network of service centers from which a fleet of trucks are dispatched to pick up customers' wastes either on a predetermined schedule or on-demand, and to deliver the wastes to permitted facilities, which are usually Company-owned. Our service centers also can dispatch chemists to a customer location for the collection of chemical and laboratory waste for disposal.

Collection, Transportation and Logistics Management. As an integral part of our services, we collect industrial wastes from customers and transport such wastes to and between our facilities for treatment or bulking for shipment to final disposal locations. Customers typically accumulate wastes in containers, such as 55-gallon drums, bulk storage tanks or 20-cubic-yard roll-off containers. In providing this service, we utilize a variety of specially designed and constructed tank trucks and semi-trailers as well as third-party transporters, including railroads.

Treatment and Disposal. We recycle, treat and dispose of hazardous and non-hazardous industrial wastes. The wastes handled include substances which are classified as "hazardous" because of their corrosive, ignitable, infectious, reactive or toxic properties, and other substances subject to federal, state and provincial environmental regulation. We provide final treatment and disposal services designed to manage wastes which cannot be otherwise economically recycled or reused. The wastes we handle come in solid, sludge, liquid and gas form.

We operate a network of TSDFs that collect, temporarily store and/or consolidate compatible waste streams for more efficient transportation to final recycling, treatment or disposal destinations. These facilities hold special permits, such as Part B permits under the Resource Conservation and Recovery Act, or "RCRA," in the United States, which allow them to process waste through various technologies including recycling, incineration, and landfill and wastewater treatment.

Resource Recovery and Fuels Blending. We operate recycling systems for the reclamation and reuse of certain wastes, particularly solvent-based wastes generated by industrial cleaning operations, metal finishing and other manufacturing processes. Resource recovery involves the treatment of wastes using various methods, which effectively remove contaminants from the original material to restore its fitness for its intended purpose and to reduce the volume of waste requiring disposal.

We also operate a recycling facility that recycles refinery waste and spent catalyst. The recycled oil and recycled catalyst are sold to third parties.

Incineration. Incineration is the preferred method for the treatment of organic hazardous waste, because it effectively destroys the contaminants at high temperatures. High temperature incineration effectively eliminates organic wastes such as herbicides, halogenated solvents, pesticides, and pharmaceutical and refinery wastes, regardless of whether they are gases, liquids, sludge or solids. Federal and state incineration regulations require a destruction and removal efficiency of 99.99% for most organic wastes and 99.9999% for polychlorinated biphenyls, or "PCB," and dioxins.

As of December 31, 2014, we had eight active incinerators operating in five incineration facilities that offer a wide range of technological capabilities to customers through this network. In the United States, we operate a fluidized bed thermal oxidation unit for maximum destruction efficiency of hazardous waste with an estimated annual capacity of 58,808 tons and three solids and liquids capable incineration facilities with a combined estimated annual capacity of 327,387 tons. We also operate one hazardous waste liquid injection incinerator in Canada with total annual capacity of 105,526 tons. We are now constructing a new incinerator at our El Dorado, Arkansas facility with completion projected late 2016. We expect this new incinerator to add approximately 70,000 tons of additional capacity.

Our incineration facilities in Kimball, Nebraska, Deer Park, Texas, El Dorado, Arkansas and Aragonite, Utah, are designed to process liquid organic wastes, sludge, solids, soil and debris. Our Deer Park facility has two kilns and a rotary reactor. Our El Dorado incineration facility specializes in the treatment of bulk and containerized hazardous liquids, solids and sludge through two rotary kilns. Our incineration facilities in Kimball and Deer Park have on-site landfills for the disposal of ash produced as a result of the incineration process.

Our incineration facilities in Lambton, Ontario are liquid injection incinerators, designed primarily for the destruction of liquid organic wastes. Typical waste streams include wastewater with low levels of organics and other higher concentration organic liquid wastes not amenable to conventional physical or chemical waste treatment.

Landfills.   Landfills are primarily used for the disposal of inorganic wastes. In the United States and Canada, we operate nine commercial landfills. Seven of our commercial landfills are designed and permitted for the disposal of hazardous wastes

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and two of our landfills are operated for non-hazardous industrial waste disposal and, to a lesser extent, municipal solid waste. In addition to our commercial landfills, we also own and operate two non-commercial landfills that only accept waste from our on-site incinerators.

Of our seven commercial landfills used for disposal of hazardous waste, five are located in the United States and two are located in Canada. As of December 31, 2014, the useful economic lives of these landfills include approximately 25.4 million cubic yards of remaining capacity. This estimate of the useful economic lives of these landfills includes permitted airspace and unpermitted airspace that our management believes to be probable of being permitted based on our analysis of various factors. In addition to the capacity included in the useful economic lives of these landfills, there are approximately 31.9 million cubic yards of additional unpermitted airspace capacity included in the footprints of these landfills that may ultimately be permitted, although there can be no assurance that this unpermitted additional capacity will be permitted. In addition to the hazardous waste landfills, we operate two non-hazardous industrial landfills with 4.6 million cubic yards of remaining permitted capacity. These two facilities are located in the United States and have been issued operating permits under the authority of Subtitle D of RCRA. Our non-hazardous landfill facilities are permitted to accept commercial industrial waste, including wastes from foundries, demolition and construction, machine shops, automobile manufacturing, printing, metal fabrications and recycling.

Wastewater Treatment. We operate seven wastewater treatment facilities that offer a range of wastewater treatment technologies. These wastewater treatment operations involve processing hazardous and non-hazardous wastes through the use of physical and chemical treatment methods. These facilities treat a broad range of industrial liquid and semi-liquid wastes containing heavy metals, organics and suspended solids.

Industrial and Field Services

Industrial services include a wide range of industrial maintenance services and specialty industrial services provided at refineries, mines, upgraders, chemical plants, pulp and paper mills, manufacturing, and power generation facilities. We provide these services throughout North America, including a presence in the oil sands region in Alberta, Canada. Our crews handle as-needed in-plant services to support ongoing in-plant cleaning and maintenance services, including liquid/dry vacuum, hydro-blasting, steam cleaning and chemical hauling. We provide a variety of specialized industrial services including plant outage and turnaround services, decoking and pigging, catalyst handling, chemical cleaning, high and ultra-high pressure water cleaning, and large tank and surface impoundment cleaning.

Field services provide customers with highly skilled experts who utilize specialty equipment and resources to perform services at any chosen location. Our field service crews and equipment are dispatched on a planned or emergency basis, and perform services such as confined space entry for tank cleaning, site decontamination, large remediation projects, demolition, spill cleanup, railcar cleaning, product recovery and transfer, scarifying and media blasting and vacuum services. Additional services include used oil and oil products recycling. Other services include filtration and water treatment services.

We are a leader in providing response services for environmental emergencies of any scale from man-made disasters, such as oil spills, and natural disasters such as hurricanes.

Oil Re-refining and Recycling

The used oil collected by our SK Environmental Services branch network is processed or re-refined to convert into a variety of products, mostly base lubricating oils, and much smaller quantities of asphalt-like material, glycols and fuels. As the largest re-refiner of used oil in the world, we process the used oil we collect through our three re-refineries located in East Chicago, Indiana, Newark, California and Breslau, Ontario. Our primary goal is to produce and sell high-quality blended oils, which are created by combining our re-refined base oils with performance additives in accordance with our proprietary formulations and American Petroleum Institute licenses. Our “green” proprietary brands, EcoPower and Performance Plus, are sold to on and off-road corporate fleets, government entities, automotive service shops and industrial plants, which are serviced through our extensive U.S. and Canada-wide distributor network. We also sell unbranded blended oils to distributors that resell them under their private label brands. The base oil we do not blend and sell ourselves is sold to independent blenders/packagers that use it to blend their own branded or private label oils. With more than 200 million gallons of used oil processed annually, we were able to return in 2014 more than 160 million gallons of new re-refined oil, lubricants and byproducts back into the marketplace.

SK Environmental Services

Our Safety-Kleen service brand offers an array of environmental services and complementary products to a diverse range of customers including automobile repair shops, car and truck dealers, metal fabricators, machine manufacturers, fleet maintenance shops and other automotive, industrial and retail customers.

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As the largest provider of parts cleaning services in North America, our Safety-Kleen operation offers a complete line of specially designed parts washers to customer locations and then delivers recurring service that includes machine cleaning and maintenance and the disposal and replacement of clean solvent or aqueous fluids. We performed more than 900,000 parts washer services in 2014. We also sell allied products including degreasers, glass and floor cleaners, hand cleaners, absorbents, antifreeze, windshield washer fluid, mats and spill kits.

Utilizing our collection network, we provide the pickup and transportation of hazardous and non-hazardous containerized waste for recycling or disposal, primarily through the Clean Harbors network of recycling and waste treatment and disposal facilities. Some of the collected waste consists of used oil which serves as feedstock for our oil re-refineries, although a portion of the used oil brought to the re-refineries is either not suitable for re-refining or cannot be re-refined because we do not have sufficient re-refining capacity at a specific point in time. That oil is processed into recycled fuel oil, or “RFO.” The RFO is then sold to various customers, such as asphalt plants, industrial plants, pulp and paper companies, and vacuum gas oil and marine diesel oil producers.

Our vacuum services provide the removal of solids, residual oily water and sludge and other fluids from customers' oil/water separators, sumps and collection tanks. We also remove and collect waste fluids found at large and small industrial locations, including metal fabricators, auto maintenance providers, and general manufacturers.

We provide total project management services in areas such as chemical packing, on-site waste management, remediation, compliance training and emergency spill response, while leveraging the Clean Harbors network of Technical, Industrial and Field Services centers and capabilities.

Lodging Services

Lodging Services consists of four lines of businesses; Lodge Operations, Mobile Camp Operations, Hospitality Operations, and Manufacturing. Synergy is created amongst all the lines of businesses within Lodging Services itself, as well with other Clean Harbors divisions by providing turnkey remote accommodations and manufacturing support.

Lodge Operations operates fixed lodges, ranging in size from 300 to 600 beds throughout Northern Alberta, including the Fort McMurray area. These include both client and open lodges, with amenities that include superior catering and housekeeping services, fully equipped common areas, fitness rooms and computer rooms, wireless internet and public phones, powered parking stalls, laundry facilities and cleaning supplies, and daily towel service.

Mobile Camp Operations include remote workforce accommodation facilities throughout Western Canada, currently in British Columbia, Saskatchewan and Alberta, with multiple accommodation types. These include both client and open camps, operator camps, and drill camps. Hospitality services are provided internally to the majority of the Lodges and Camps being operated, and include food services prepared by Red Seal Chefs, hospitality services, camp and lodge managers, and housekeeping. Furthermore, Hospitality services are available as a standalone service to clients who have other accommodation arrangements.

Manufacturing is provided through BCT Structures Inc. and Sanitherm Inc. BCT is a premier custom manufacturer of modular buildings specializing in providing workforce housing, office complexes, schools, lavatories, multi story buildings, affordable housing, kitchen facilities and other customized modular solutions for various industries. Sanitherm manufactures and operates water and wastewater treatment equipment and processes.

Oil and Gas Field Services

These services support exploration, drilling and production programs for oil and gas companies.

Seismic and Right-of-Way: On the exploration side, we provide integrated seismic and right-of-way services for efficient resource discovery and site preparation. These services include: (i) seismic surveying that minimizes costs, environmental impact, and time in field; (ii) mulching/line clearing that expedites additional geophysical activities and minimizes environmental impact; (iii) shot-hole drilling that provides safe and efficient operations in every terrain, including hostile and inaccessible regions; and (iv) borehole directional services that improve the efficient installation of pipeline, fiberoptic, cable, gas, water and sewer lines.

Surface Rentals: These services support oil and gas companies' drilling and well completion programs. Key to our services is our ability to provide solids control to support the drilling process. Our technologies help manage liquids, solids and semi-solid material during the drilling operation, and include centrifuges, tanks, and drilling fluid recovery. We also can provide container rentals for the safe collection of drill cuttings and other wastes, as well as manage disposal for drilling fluids and solids. We also supply surface rental equipment to support drill sites by providing wellsite trailers, wastewater treatment systems and holding tanks, light towers, and generators and handling tools.

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Oilfield Transport and Production: These services support oil and gas companies drilling, completions and production programs. On the drilling and completions side, we provide vehicles and services for fluid hauling and disposal for ad hoc and turnkey operations. We also provide services and equipment for drilling site cleanups and support. On the production side, we provide complete turnarounds and tank cleaning services. Our downhole well equipment helps maintain and increase well productivity. Our other services include special chemical hauling, hydro-excavation, pressure/hydro testing equipment that tests pipelines and facilities, wellheads before operations startups, and rental production equipment for oil and gas well production.

Competition

The hazardous waste management industry in which we compete is highly competitive. The sources of competition vary by locality and by type of service rendered, with competition coming from national and regional waste services companies and hundreds of privately-owned firms. Veolia Environmental Services, or "Veolia," Waste Management, Inc., or "WM," and U.S. Ecology are the principal national firms with which we compete. Each of these competitors is able to provide one or more of the environmental services offered by us.

Under federal and state environmental laws in the United States, generators of hazardous wastes remain liable for improper disposal of such wastes. Although generators may hire various companies that have the proper permits and licenses, because of the generators' potential liability, they are very interested in the reputation and financial strength of the companies they use for the management of their hazardous wastes. We believe that our technical proficiency and reputation are important considerations to our customers in selecting and continuing to utilize our services.

We believe that the depth of our recycling, treatment and disposal capabilities and our ability to collect and transport waste products efficiently, quality of service, safety, and pricing are the most significant factors in the market for treatment and disposal services.

For our Technical Services segment, competitors include several major national and regional environmental services firms, as well as numerous smaller local firms. We believe the availability of skilled technical professional personnel, quality of performance, diversity of services and price are the key competitive factors in this service industry.

For our Oil Re-refining and Recycling and SK Environmental Services segments, competitors vary by locality and by type of service rendered, with competition coming from Heritage Crystal Clean, and Veolia, along with several regional and local firms.

For our Industrial and Field Services segment, competitors vary by locality and by type of service rendered, with competition coming from national and regional service providers and hundreds of privately-owned firms that offer energy or industrial services. CEDA International Corporation and Newalta in Canada, and Philip Services Corporation, Hydrochem and Veolia in the United States, are the principal national firms with which we compete. Each of these competitors is able to provide one or more of the industrial and field services offered by us. We believe the availability of specialized equipment, skilled technical professional personnel, quality of performance, diversity of services and price are the key competitive factors in this industry.

For our Lodging Services segment, competitors vary by locality and type of services provided. Our primary competitors in our lodging and remote camps business are Civeo, Black Diamond, Horizon North Logistics, Noralta, Royal Camps and William Scotsman, and in our manufacturing business, Atco Structures, Britco Manufacturing, Civeo, Horizon North Logistics and William Scotsman.

For our Oil and Gas Field Services segment, competitors vary by locality and type of service provided, with competition coming from national, regional and local service providers. Some of these competitors are able to provide one or more of the oil and gas services offered by us. Others only provide a limited range of equipment or services tailored for local markets. Competition is based on a number of factors, including safety, quality, performance, reliability, service, price, response time, and, in some cases, breadth of service offering.

The principal methods of competition for all of our services are price, quality, reliability of service rendered and technical proficiency. We believe that we offer a more comprehensive range of environmental, energy and industrial services than our competitors in major portions of our service territory.

Employees

As of December 31, 2014, we employed approximately 13,000 active full-time employees, of which 600 in the United States and 900 in Canada were represented by labor unions. We believe that our relationship with our employees is satisfactory. As part of our commitment to employee safety and quality customer service, we have an extensive compliance program and a

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trained environmental, health and safety staff. We adhere to a risk management program designed to reduce potential liabilities to us and to our customers.

Intellectual Property

We have invested significantly in the development of proprietary technology and also to establish and maintain an extensive knowledge of leading technologies and incorporate these technologies into the services we offer and provide to our customers. As of December 31, 2014, we held a total of 52 U.S. and 20 foreign issued or granted patents (which will expire between 2016 and 2031), 7 U.S. and 15 foreign pending patent applications, 69 U.S. and 152 foreign trademark registrations, and 7 U.S. and 12 foreign trademark applications. We also license software and other intellectual property from various third parties. We enter into confidentiality agreements with certain of our employees, consultants and corporate partners, and control access to software documentation and other proprietary information. We believe that we hold adequate rights to all intellectual property used in our business and that we do not infringe upon any intellectual property rights held by other parties.

Management of Risks

We adhere to a program of risk management policies and practices designed to reduce potential liability, as well as to manage customers' ongoing environmental exposures. This program includes installation of risk management systems at our facilities, such as fire suppression, employee training, environmental, auditing and policy decisions restricting the types of wastes handled. We evaluate all revenue opportunities and decline those that we believe involve unacceptable risks.

We dispose of wastes at our incineration, wastewater treatment and landfill facilities, or at facilities owned and operated by other firms that we have audited and approved. Typically, we apply established technologies to the treatment, storage and recovery of hazardous wastes. We believe our operations are conducted in a safe and prudent manner and in substantial compliance with applicable laws and regulations.

Insurance and Financial Assurance

Our insurance programs cover the potential risks associated with our multifaceted operations from two primary exposures: direct physical damage and third party liability. We maintain a casualty insurance program providing coverage for vehicles, employer's liability and commercial general liability in the aggregate amount of $80.0 million, $77.0 million and $77.0 million, respectively, per year, subject to retentions of $2.0 million per occurrence for auto and commercial general liability and $1.0 million for employers' liability in the United States and $2.0 million in Canada. We also have workers' compensation insurance whose limits are established by state statutes.

We have pollution liability insurance policies covering potential risks in three areas: as a contractor performing services at customer sites, as a transporter of waste and as a processor of waste at our facilities. The contractor's pollution liability insurance has limits of $20.0 million per occurrence and $25.0 million in the aggregate, covering offsite remedial activities and associated liabilities.

For sudden and accidental in-transit pollution liability, our auto liability policy provides the primary $5.0 million per occurence of transportation pollution insurance. Our pollution liability policies provide an additional $60.0 million per occurrence and $85.0 million in the aggregate for a total of $65.0 million per occurrence and $90.0 million, respectively. A $2.0 million deductible per occurrence applies to this coverage in the United States and Canada.

Federal and state regulations require liability insurance coverage for all facilities that treat, store or dispose of hazardous waste. RCRA, the Toxic Substances Control Act, and comparable state hazardous waste regulations typically require hazardous waste handling facilities to maintain pollution liability insurance in the amount of $1.0 million per occurrence and $2.0 million in the aggregate for sudden occurrences, and $3.0 million per occurrence and $6.0 million in the aggregate for non-sudden occurrences. Our liability insurance coverage meets or exceeds all federal and state regulations.

Our international operations are insured under locally placed insurance policies that are compulsory to place in a specific country. In addition, we have a global foreign liability policy that will provide excess and difference in condition coverage in international countries.

Under our insurance programs, coverage is obtained for catastrophic exposures as well as those risks required to be insured by law or contract. It is our policy to retain a significant portion of certain expected losses related primarily to employee benefit, workers' compensation, commercial general and vehicle liability. Provisions for losses expected under these programs are recorded based upon our estimates of the actuarial calculation of the aggregate liability for claims. We believe that policy cancellation terms are similar to those of companies in other industries.

Operators of hazardous waste handling facilities are also required by federal, state and provincial regulations to provide financial assurance for closure and post-closure care of those facilities should the facilities cease operation. Closure would

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include the cost of removing the waste stored at a facility which ceased operating and sending the material to another facility for disposal and the cost of performing certain procedures for decontamination of the facility. As of December 31, 2014, our total estimated closure and post-closure costs requiring financial assurance by regulators were $411.9 million for our U.S. facilities and $24.5 million for our Canadian facilities. We have obtained all of the required financial assurance for our facilities through a combination of surety bonds, funded trusts, letters of credit and insurance from a qualified insurance company. The closure and post-closure obligations of our U.S. facilities will renew in 2015. Our Canadian facilities utilize surety bonds, which renew at various dates throughout 2015, as well as letters of credit. In connection with obtaining such insurance and surety bonds, we have provided our insurance companies $75.9 million of letters of credit which we obtained from our lenders under our revolving credit agreement.

Environmental Regulation

While our business has benefited substantially from increased governmental regulation of hazardous waste transportation, storage and disposal, the environmental services industry itself is the subject of extensive and evolving regulation by federal, state, provincial and local authorities. We are required to obtain federal, state, provincial and local permits or approvals for each of our hazardous waste facilities. Such permits are difficult to obtain and, in many instances, extensive studies, tests, and public hearings are required before the approvals can be issued. We have acquired all operating permits and approvals now required for the current operation of our business, and have applied for, or are in the process of applying for, all permits and approvals needed in connection with continued operation and planned expansion or modifications of our operations.

We make a continuing effort to anticipate regulatory, political and legal developments that might affect operations, but are not always able to do so. We cannot predict the extent to which any environmental legislation or regulation that may be enacted or enforced in the future may affect our operations.

United States Hazardous Waste Regulation

Federal Regulations. The most significant federal environmental laws affecting us are the Resource Conservation and Recovery Act, or "RCRA," the Comprehensive Environmental Response, Compensation and Liability Act, or "CERCLA," also known as the "Superfund Act," the Clean Air Act, the Clean Water Act, and the Toxic Substances Control Act, or "TSCA."

RCRA. RCRA is the principal federal statute governing hazardous waste generation, treatment, transportation, storage and disposal. Pursuant to RCRA, the EPA has established a comprehensive "cradle-to-grave" system for the management of a wide range of materials identified as hazardous waste. States that have adopted hazardous waste management programs with standards at least as stringent as those promulgated by the EPA have been delegated authority by the EPA to administer their facility permitting programs in lieu of the EPA's program.

Every facility that treats, stores or disposes of hazardous waste must obtain a RCRA permit from the EPA or an authorized state agency unless a specific exemption exists, and must comply with certain operating requirements (the Part B permitting process). RCRA also requires that Part B permits contain provisions for required on-site study and cleanup activities, known as "corrective action," including detailed compliance schedules and provisions for assurance of financial responsibility. See Note 8, "Closure and Post-Closure Liabilities," and Note 9, "Remedial Liabilities," to our consolidated financial statements included in Item 8 of this report for a discussion of our environmental liabilities. See "Insurance and Financial Assurance" above for a discussion of our financial assurance requirements.

The Superfund Act. The Superfund Act is the primary federal statute regulating the cleanup of inactive hazardous substance sites and imposing liability for cleanup on the responsible parties. It also provides for immediate response and removal actions coordinated by the EPA to releases of hazardous substances into the environment, and authorizes the government to respond to the release or threatened release of hazardous substances or to order responsible persons to perform any necessary cleanup. The statute provides for strict and, in certain cases, joint and several liability for these responses and other related costs, and for liability for the cost of damages to natural resources, to the parties involved in the generation, transportation and disposal of hazardous substances. Under the statute, we may be deemed liable as a generator or transporter of a hazardous substance which is released into the environment, or as the owner or operator of a facility from which there is a release of a hazardous substance into the environment. See Note 16, "Commitments and Contingencies," to our consolidated financial statements included in Item 8 of this report for a description of the principal such proceedings in which we are involved.

The Clean Air Act. The Clean Air Act was passed by Congress to control the emissions of pollutants into the air and requires permits to be obtained for certain sources of toxic air pollutants such as vinyl chloride, or criteria pollutants, such as carbon monoxide. In 1990, Congress amended the Clean Air Act to require further reductions of air pollutants with specific targets for non-attainment areas in order to meet certain ambient air quality standards. These amendments also require the EPA to promulgate regulations which (i) control emissions of 189 hazardous air pollutants; (ii) create uniform operating permits for major industrial facilities similar to RCRA operating permits; (iii) mandate the phase-out of ozone depleting chemicals; and (iv) provide for enhanced enforcement.

The Clean Water Act. This legislation prohibits discharge of pollutants into the waters of the United States without governmental authorization and regulates the discharge of pollutants into surface waters and sewers from a variety of sources, including disposal sites and treatment facilities. The EPA has promulgated "pretreatment" regulations under the Clean Water Act, which establish pretreatment standards for introduction of pollutants into publicly owned treatment works. In the course of the treatment process, our wastewater treatment facilities generate wastewater, which we discharge to publicly owned treatment works pursuant to permits issued by the appropriate governmental authority. We are required to obtain discharge permits and conduct sampling and monitoring programs. We believe each of our operating facilities complies in all material respects with the applicable requirements.

TSCA. We also operate a network of collection, treatment and field services (remediation) activities throughout North America that are regulated under provisions of TSCA. TSCA established a national program for the management of substances classified as polychlorinated biphenyls, or "PCBs," which include waste PCBs as well as RCRA wastes contaminated with PCBs. The rules set minimum design and operating requirements for storage, treatment and disposal of PCB wastes. Since their initial publication, the rules have been modified to enhance the management standards for TSCA-regulated operations including the decommissioning of PCB transformers and articles, detoxification of transformer oils, incineration of PCB liquids and solids, landfill disposal of PCB solids, and remediation of PCB contamination at customer sites.

Other Federal Laws. In addition to regulations specifically directed at the transportation, storage, and disposal facilities, there are a number of regulations that may "pass-through" to the facilities based on the acceptance of regulated waste from affected client facilities. Each facility that accepts affected waste must comply with the regulations for that waste, facility or industry. Examples of this type of regulation are National Emission Standards for Benzene Waste Operations and National Emissions Standards for Pharmaceuticals Production. Each of our facilities addresses these regulations on a case-by-case basis determined by its ability to comply with the pass-through regulations.

In our transportation operations, we are regulated by the U.S. Department of Transportation, the Federal Railroad Administration, the Federal Aviation Administration and the U.S. Coast Guard, as well as by the regulatory agencies of each state in which we operate or through which our vehicles pass.

Health and safety standards under the Occupational Safety and Health Act, or "OSHA," are also applicable to all of our operations.

State and Local Regulations. Pursuant to the EPA's authorization of their RCRA equivalent programs, a number of U.S. states have regulatory programs governing the operations and permitting of hazardous waste facilities. Accordingly, the hazardous waste treatment, storage and disposal activities of a number of our facilities are regulated by the relevant state agencies in addition to federal EPA regulation.

Some states classify as hazardous some wastes that are not regulated under RCRA. For example, Massachusetts considers used oil as "hazardous waste" while RCRA does not. Accordingly, we must comply with state requirements for handling state regulated wastes, and, when necessary, obtain state licenses for treating, storing, and disposing of such wastes at our facilities.

Our facilities are regulated pursuant to state statutes, including those addressing clean water and clean air. Local sewer discharge and flammable storage requirements are applicable to certain of our facilities. Our facilities are also subject to local siting, zoning and land use restrictions. We believe that each of our facilities is in substantial compliance with the applicable requirements of federal and state licenses which we have obtained pursuant thereto. Once issued, such licenses have maximum fixed terms of a given number of years, which differ from state to state, ranging from three to ten years. The issuing state agency may review or modify a license at any time during its term. We anticipate that once a license is issued with respect to a facility, the license will be renewed at the end of its term if the facility's operations are in compliance with applicable requirements. However, there can be no assurance that regulations governing future licensing will remain static, or that we will be able to comply with such requirements.

Canadian Hazardous Waste Regulation

In Canada, the provinces retain control over environmental issues within their boundaries and thus have the primary responsibility for regulating management of hazardous wastes. The federal government regulates issues of national scope or where activities cross provincial boundaries.

Provincial Regulations.   Most of Canada's industrial development and the major part of its population are located in four provinces: Ontario, Quebec, Alberta and British Columbia. These provinces have the most detailed environmental regulations.

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We operate major waste management facilities in each of these provinces, as well as waste transfer facilities in Nova Scotia and Manitoba.

The main provincial acts dealing with hazardous waste management are:

- Ontario—Environmental Protection Act;
- Quebec—Environmental Quality Act;
- Alberta—Environmental Protection and Enhancement Act; and
- British Columbia—Waste Management Act.

These pieces of legislation were developed by the provinces independently and, among other things, generally control the generation, characterization, transport, treatment and disposal of hazardous wastes. Regulations developed by the provinces under the relevant legislation are also developed independently, but are often quite similar in effect and sometimes in application. For example, there is some uniformity in manifest design and utilization.

Provincial legislation also provides for the establishment of waste management facilities. In this case, the facilities are also controlled by provincial statutes and regulations governing emissions to air, groundwater and surface water and prescribing design criteria and operational guidelines.

Waste transporters require a permit to operate under provincial waste management regulations and are subject to the requirements of the Federal Transportation of Dangerous Goods legislation. They are required to report the quantities and disposition of materials shipped.

Canadian Federal Regulations. The Canadian federal government has authority for those matters which are national in scope and in impact and for Canada's relations with other nations. The main federal laws governing hazardous waste management are:

- Canadian Environmental Protection Act (1999) ("CEPA 99"), and
- Transportation of Dangerous Goods Act.

Environment Canada is the federal agency with responsibility for environmental matters and the main legislative instrument is the Canadian Environmental Protection Act. This act charges Environment Canada and Health Canada with protection of human health and the environment and seeks to control the production, importation and use of substances in Canada and to control their impact on the environment.

The Export and Import of Hazardous Wastes Regulations under CEPA 99 control the export and import of hazardous wastes and hazardous recyclable materials. By reference, these regulations incorporate the Transportation of Dangerous Goods Act and Regulations, which address identification, packaging, marking and documentation of hazardous materials during transport. CEPA 99 requires that anyone proposing to export or import hazardous wastes or hazardous recyclable materials or to transport them through Canada notify the Minister of the Environment and obtain a permit to do so. Section 9 of CEPA 99 allows the federal government to enter into administrative agreements with the provinces and territories for the development and improvement of environmental standards. These agreements represent cooperation towards a common goal rather than a delegation of authority under CEPA 99. To facilitate the development of provincial and territorial agreements, the federal, provincial and territorial governments participate in the Canadian Council of Ministers of the Environment ("CCME"). The CCME comprises the 14 environment ministers from the federal, provincial and territorial governments, who normally meet twice a year to discuss national environmental priorities and to determine work to be carried out under the auspices of the CCME.

Canadian Local and Municipal Regulations. Local and municipal regulations seldom reference direct control of hazardous waste management activities. Municipal regulations and by-laws, however, control such issues as land use designation, access to municipal services and use of emergency services, all of which can have a significant impact on facility operation.

Compliance with Environmental Regulations

We incur costs and make capital investments in order to comply with the previously discussed environmental regulations. These regulations require that we remediate contaminated sites, operate our facilities in accordance with enacted regulations, obtain required financial assurance for closure and post-closure care of our facilities should such facilities cease operations, and make capital investments in order to keep our facilities in compliance with environmental regulations.

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As further discussed in Note 8, "Closure and Post-Closure Liabilities," and Note 9, "Remedial Liabilities," to our consolidated financial statements included in Item 8 of this report, we have accrued environmental liabilities as of December 31, 2014, of $205.8 million. For the years ended December 31, 2014 and 2013, we spent $20.2 million and $19.4 million, respectively, to address environmental liabilities.

As discussed more fully above under the heading "Insurance and Financial Assurance," we are required to provide financial assurance with respect to certain statutorily required closure, post-closure and corrective action obligations at our facilities. We have placed the required financial assurance primarily through a qualified insurance company.

As described in Note 16, "Commitments and Contingencies," to our consolidated financial statements included in Item 8 of this report, we are involved in legal proceedings arising under environmental laws and regulations. Alleged failure to comply with laws and regulations may lead to the imposition of fines or the denial, revocation or delay of the renewal of permits and licenses by governmental entities. In addition, such governmental entities, as well as surrounding landowners, may claim that we are liable for environmental damages. Citizens groups have become increasingly active in challenging the grant or renewal of permits and licenses for hazardous waste facilities, and responding to such challenges has further increased the costs associated with establishing new facilities or expanding current facilities. A significant judgment against us, the loss of a significant permit or license, or the imposition of a significant fine could have a material effect on our business and future prospects.

ITEM 1A. RISK FACTORS

An investment in our securities involves certain risks, including those described below. You should consider carefully these risk factors together with all of the information included in this report before investing in our securities.

Risks Affecting All of Our Businesses

Our businesses are subject to operational and safety risks.

Provision of environmental, energy and industrial services to our customers by all six of our business segments involves risks such as equipment defects, malfunctions and failures, and natural disasters, which could potentially result in releases of hazardous materials, injury or death of our employees, or a need to shut down or reduce operation of our facilities while remedial actions are undertaken. Our employees often work under potentially hazardous conditions. These risks expose us to potential liability for pollution and other environmental damages, personal injury, loss of life, business interruption, and property damage or destruction. We must also maintain a solid safety record in order to remain a preferred supplier to our major customers.

While we seek to minimize our exposure to such risks through comprehensive training programs, vehicle and equipment maintenance programs, and insurance, such programs and insurance may not be adequate to cover all of our potential liabilities and such insurance may not in the future be available at commercially reasonable rates. If we were to incur substantial liabilities in excess of policy limits or at a time when we were not able to obtain adequate liability insurance on commercially reasonable terms, our business, results of operations and financial condition could be adversely affected to a material extent. Furthermore, should our safety record deteriorate, we could be subject to a potential reduction of revenues from our major customers.

Our businesses are subject to numerous statutory and regulatory requirements, which may increase in the future.

Our businesses are subject to numerous statutory and regulatory requirements, and our ability to continue to hold licenses and permits required for our businesses is subject to maintaining satisfactory compliance with such requirements. These requirements may increase in the future as a result of statutory and regulatory changes. Although we are very committed to compliance and safety, we may not, either now or in the future, be in full compliance at all times with such statutory and regulatory requirements. Consequently, we could be required to incur significant costs to maintain or improve our compliance with such requirements.

Future conditions might require us to make substantial write-downs in our assets, which would adversely affect our balance sheet and results of operations.

We review our long-lived tangible and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. We also test our goodwill and indefinite-lived intangible assets for impairment at least annually on December 31, or when events or changes in the business environment indicate that the carrying value of a reporting unit may exceed its fair value. Based on the results of those tests, we determined during the third quarter of 2014 that the then carrying amount of our Oil Re-refining and Recycling reporting unit exceeded the estimated fair value of that unit and we therefore then recognized a goodwill impairment charge of $123.4 million

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with respect to that unit. During and as of the end of each of 2014 and 2013, we determined that no other asset write-downs were required. However, if conditions in any of the businesses in which we compete were to deteriorate, we could determine that certain of our assets were impaired and we would then be required to write-off all or a portion of our costs for such assets. Any such significant write-offs would adversely affect our balance sheet and results of operations.

Fluctuations in foreign currency exchange could affect our financial results.

We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the U.S. dollar. In fiscal 2014, we recorded 29% of our revenues outside of the United States, primarily in Canada. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues, income and expenses as well as assets and liabilities into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. dollar against other currencies in countries where we operate will affect our results of operations and the value of balance sheet items denominated in foreign currencies. These risks are non-cash exposures, and we manage these risks through normal operating and financing activities. However, we may not be successful in reducing the risks inherent in exposures to foreign currency fluctuations.

Failure to effectively manage acquisitions and divestitures could adversely impact our future results.

We continuously evaluate potential acquisition candidates and from time to time acquire companies that we believe will strategically fit into our business and growth objectives. In particular, we acquired on December 28, 2012, all of the outstanding shares of Safety-Kleen for approximately $1.26 billion in cash and on September 13, 2013, all of the outstanding shares of Evergreen Oil, Inc. for approximately $56.3 million in cash, and on February 4, 2015, we announced that we plan to acquire, subject to customary closing conditions, all of the outstanding shares of Thermo Fluids Inc. for approximately $85.0 million in cash. If we are unable to successfully integrate and develop acquired businesses, we could fail to achieve anticipated synergies and cost savings, including any expected increases in revenues and operating results, which could have a material adverse effect on our financial results. We also continually review our portfolio of assets to determine the extent to which they are contributing to our objectives and growth strategy. However, we may not be successful in separating underperforming or non-strategic assets, and gains or losses on the divestiture of, or lost operating income from such assets may adversely affect our earnings. Moreover, we may incur asset impairment charges related to acquisitions or divestitures that reduce our earnings.

Our acquisitions may expose us to unknown liabilities.

Because we have acquired, and expect generally to acquire, all the outstanding shares of most of our acquired companies, our investment in those companies are or will be subject to all of their liabilities other than their respective debts which we paid or will pay at the time of the acquisitions. If there are unknown liabilities or other obligations, our business could be materially affected. We may also experience issues relating to internal controls over financial reporting, issues that could affect our ability to comply with the Sarbanes-Oxley Act, or issues that could affect our ability to comply with other applicable laws.

A cyber security incident could negatively impact our business and our relationships with customers.

We use computers in substantially all aspects of our business operations and also use mobile devices and other online activities to connect with our employees and our customers. Such uses give rise to cyber security risks, including security breach, espionage, system disruption, theft and inadvertent release of information. Our business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property including, but not limited to, private information about employees, and financial and strategic information about our Company and our business partners. Furthermore, as we pursue our strategy to grow through acquisitions and new initiatives that improve our operations and cost structure, we are also expanding and improving our information technologies, resulting in a larger technological presence and corresponding exposure to cyber security risk. If we fail to assess and identify cyber security risks associated with acquisitions and new initiatives, we may become increasingly vulnerable to such risks. Additionally, while we have implemented measures to prevent security breaches and cyber incidents, our preventative measures and incident response efforts may not be entirely effective. The theft, destruction, loss, misappropriation, or release of sensitive and/or confidential information or intellectual property, or interference with our information technology systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of customers, potential liability and competitive disadvantage.

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Additional Risks of Our Technical Services Business
The hazardous waste management business conducted by our Technical Services segment is subject to significant environmental liabilities.
We have accrued environmental liabilities valued as of December 31, 2014, at $205.8 million, substantially all of which we assumed in connection with certain acquisitions. We calculate our environmental liabilities on a present value basis in accordance with generally accepted accounting principles, which take into consideration both the amount of such liabilities and the timing when it is projected that we will be required to pay such liabilities. We anticipate our environmental liabilities will be payable over many years and that cash flows generated from our operations will generally be sufficient to fund the payment of such liabilities when required. However, events not now anticipated (such as future changes in environmental laws and regulations or their enforcement) could require that such payments be made earlier or in greater amounts than now estimated, which could adversely affect our financial condition and results of operations.
We may also assume additional environmental liabilities as part of further acquisitions. Although we will endeavor to accurately estimate and limit environmental liabilities presented by the businesses or facilities to be acquired, some liabilities, including ones that may exist only because of the past operations of an acquired business or facility, may prove to be more difficult or costly to address than we then estimate. It is also possible that government officials responsible for enforcing environmental laws may believe an environmental liability is more significant than we then estimate, or that we will fail to identify or fully appreciate an existing liability before we become legally responsible to address it.
If we become unable to obtain at reasonable cost the insurance, surety bonds, letters of credit and other forms of financial assurance required for our facilities and operations, our business and results of operations would be adversely affected.

We are required to provide substantial amounts of financial assurance to governmental agencies for closure and post-closure care of our licensed hazardous waste treatment facilities should those facilities cease operation, and we are also occasionally required to post surety, bid and performance bonds in connection with certain projects. As of December 31, 2014, our total estimated closure and post-closure costs requiring financial assurance by regulators were $411.9 million for our U.S. facilities and $24.5 million for our Canadian facilities. We have obtained all of the required financial assurance for our facilities through a combination of surety bonds, funded trusts, letters of credit and insurance from a qualified insurance company. The closure and post-closure obligations of our U.S. facilities will renew in 2015. Our Canadian facilities utilize surety bonds, which renew at various dates throughout 2015, as well as letters of credit. In connection with obtaining such insurance and surety bonds, we have provided our insurance companies $75.9 million of letters of credit which we obtained under our revolving credit agreement.
Our ability to continue operating our facilities and conducting our other operations would be adversely affected if we became unable to obtain sufficient insurance, surety bonds, letters of credit and other forms of financial assurance at reasonable cost to meet our regulatory and other business requirements. The availability of insurance, surety bonds, letters of credit and other forms of financial assurance is affected by our insurers', sureties' and lenders' assessment of our risk and by other factors outside of our control such as general conditions in the insurance and credit markets.
The hazardous waste management industry in which we participate is subject to significant economic and business risks.
The future operating results of our Technical Services segment may be affected by such factors as our ability to utilize our facilities and workforce profitably in the face of intense price competition, maintain or increase market share in an industry which has in the past experienced significant downsizing and consolidation, realize benefits from cost reduction programs, invest in new technologies for treatment of hazardous waste, generate incremental volumes of waste to be handled through our facilities from existing and acquired sales offices and service centers, obtain sufficient volumes of waste at prices which produce revenue sufficient to offset the operating costs of the facilities, minimize downtime and disruptions of operations, and develop our field services business. In particular, economic downturns or recessionary conditions in North America, and increased outsourcing by North American manufacturers to plants located in countries with lower wage costs and less stringent environmental regulations, have adversely

affected and may in the future adversely affect the demand for our services. Our Technical Services segment is also cyclical to the extent that it is dependent upon a stream of waste from cyclical industries such as the chemical and petrochemical, primary metals, paper, furniture and aerospace. If those cyclical industries slow significantly, the business that we receive from them would likely decrease.

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The extensive environmental regulations to which we are subject may increase our costs and potential liabilities and limit our ability to expand our facilities.

Our operations and those of others in the environmental services industry are subject to extensive federal, state, provincial and local environmental requirements in both the United States and Canada, including those relating to emissions to air, discharged wastewater, storage, treatment, transport and disposal of regulated materials, and cleanup of soil and groundwater contamination. For example, any failure to comply with governmental regulations governing the transport of hazardous materials could negatively impact our ability to collect, process and ultimately dispose of hazardous wastes generated by our customers. While increasing environmental regulation often presents new business opportunities for us, it often also results in increased operating and compliance costs. Efforts to conduct our operations in compliance with all applicable laws and regulations, including environmental rules and regulations, require programs to promote compliance, such as training employees and customers, purchasing health and safety equipment, and in some cases hiring outside consultants and lawyers. Even with these programs, we and other companies in the environmental services industry are routinely faced with governmental enforcement proceedings, which can result in fines or other sanctions and require expenditures for remedial work on waste management facilities and contaminated sites. Certain of these laws impose strict and, under certain circumstances, joint and several liability on current and former owners and operators of facilities that release regulated materials or that generate those materials and arrange for their disposal or treatment at contaminated sites. Such liabilities can relate to required cleanup of releases of regulated materials and related natural resource damages.

From time to time, we have paid fines or penalties in governmental environmental enforcement proceedings, usually involving our waste treatment, storage and disposal facilities. Although none of these fines or penalties that we have paid in the past has had a material adverse effect upon us, we might in the future be required to make substantial expenditures as a result of governmental proceedings which would have a negative impact on our earnings. Furthermore, regulators have the power to suspend or revoke permits or licenses needed for operation of our plants, equipment, and vehicles based on, among other factors, our compliance record, and customers may decide not to use a particular disposal facility or do business with us because of concerns about our compliance record. Suspension or revocation of permits or licenses would impact our operations and could have a material impact on our financial results. Although we have never had any of our facilities' operating permits revoked, suspended or non-renewed involuntarily, it is possible that such an event could occur in the future.

Some environmental laws and regulations impose liability and responsibility on present and former owners, operators or users of facilities and sites for contamination at such facilities and sites without regard to causation or knowledge of contamination. In the past, practices have resulted in releases of regulated materials at and from certain of our facilities, or the disposal of regulated materials at third party sites, which may require investigation and remediation, and potentially result in claims of personal injury, property damage and damages to natural resources. In addition, we occasionally evaluate various alternatives with respect to our facilities, including possible dispositions or closures. Investigations undertaken in connection with these activities may lead to discoveries of contamination that must be remediated, and closures of facilities might trigger compliance requirements that are not applicable to operating facilities. We are currently conducting remedial activities at certain of our facilities and paying a portion of the remediation costs at certain sites owned by third parties. While, based on available information, we do not believe these remedial activities will result in a material effect upon our operations or financial condition, these activities or the discovery of previously unknown conditions could result in material costs.

In addition to the costs of complying with environmental laws and regulations, we incur costs defending against environmental litigation brought by governmental agencies and private parties. We are now, and may in the future be, a defendant in lawsuits brought by parties alleging environmental damage, personal injury, and/or property damage, which may result in our payment of significant amounts of liabilities.

Environmental and land use laws also impact our ability to expand our facilities. In addition, we are required to obtain governmental permits to operate our facilities, including all of our landfills. Even if we comply with all applicable environmental laws, we might not be able to obtain requisite permits from applicable governmental authorities to extend or modify such permits to fit our business needs.

If our assumptions relating to expansion of our landfills should prove inaccurate, our results of operations and cash flow could be adversely affected.

When we include expansion airspace in our calculation of available airspace, we adjust our landfill liabilities to the present value of projected costs for cell closure and landfill closure and post-closure. It is possible that our estimates or assumptions could ultimately turn out to be significantly different from actual results. In some cases we may be unsuccessful in obtaining an expansion permit or we may determine that an expansion permit that we previously thought was probable has become unlikely. To the extent that such estimates, or the assumptions used to make those estimates, prove to be significantly different than actual results, or our belief that we will receive an expansion permit changes adversely in a significant manner, the landfill assets, including the assets incurred in the pursuit of the expansion, may be subject to impairment testing and lower

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prospective profitability may result due to increased interest accretion and depreciation or asset impairments related to the removal of previously included expansion airspace. In addition, if our assumptions concerning expansion airspace should prove inaccurate, certain of our cash expenditures for closure of landfills could be accelerated and adversely affect our results of operations and cash flow.

Additional Risks of Our Industrial and Field Services Business

A significant portion of our Industrial and Field Services business depends upon the demand for cleanup of major spills and other remedial projects and regulatory developments over which we have no control.

Our operations can be affected by the commencement and completion of cleanup of major spills and other events, customers' decisions to undertake remedial projects, seasonal fluctuations due to weather and budgetary cycles influencing the timing of customers' spending for remedial activities, the timing of regulatory decisions relating to hazardous waste management projects, changes in regulations governing the management of hazardous waste, secular changes in the waste processing industry towards waste minimization and the propensity for delays in the demand for remedial services, and changes in the myriad of governmental regulations governing our diverse operations. We do not control such factors and, as a result, our revenue and income can vary from quarter to quarter, and past financial performance for certain quarters may not be a reliable indicator of future performance for comparable quarters in subsequent years.

Additional Risks of Our Oil Re-refining and Recycling Business

Fluctuations in oil prices may have a negative effect on our Oil Re-refining and Recycling business.

A significant portion of our business involves collecting used oil from certain of our customers, re-refining a portion of such used oil into base and blended lubricating oils, and then selling both such re-refined oil and the excess recycled oil which we do not currently have the capacity to re-refine, or ‘‘RFO,’’ to other customers. The prices at which we sell our re-refined oil and RFO are affected by changes in the reported spot market prices of oil. If applicable rates increase or decrease, we typically will charge a higher or lower corresponding price for our re-refined oil and RFO. The price at which we sell our re-refined oil and RFO is affected by changes in certain indices measuring changes in the price of heavy fuel oil, with increases and decreases in the indices typically translating into a higher or lower price for our RFO. The cost to collect used oil, including the amounts we pay to obtain a portion of our used oil and therefore ability to collect necessary volumes as well as the fuel costs of our oil collection fleet, typically also increases or decreases when the relevant indices increase or decrease. However, even though the prices we can charge for our re-refined oil and RFO and the costs to collect and re-refine used oil and process RFO typically increase and decrease together, there is no assurance that when our costs to collect and re-refine used oil and process RFO increase we will be able to increase the prices we charge for our re-refined oil and RFO to cover such increased costs, or that our costs to collect and re-refine used oil and process RFO will decline when the prices we can charge for re-refined oil and RFO decline. These risks are exacerbated when there are rapid fluctuations in these oil indices.

Additional Risks of Our SK Environmental Services Business

Environmental laws and regulations have adversely affected and may adversely affect Safety-Kleen's parts cleaning and other solvent related services.

In connection with its parts cleaning and other solvent related services, Safety-Kleen has been subject to fines and certain orders requiring it to take environmental remedial action. In 2009, Safety-Kleen recorded as an expense a $15.0 million settlement with the South Coast Air Quality Management District, or ‘‘SCAQMD,’’ in southern California and other regulatory agencies for alleged civil violations of SCAQMD Rule 1171, which prohibits the use of solvent, except for certain exempt uses, in the district. Safety-Kleen paid this settlement and is currently in compliance with SCAQMD Rule 1171. However, in the future, Safety-Kleen may be subject to monetary fines, civil or criminal penalties, remediation, cleanup or stop orders, injunctions, orders to cease or suspend certain practices or denial of permits required for the operation of its facilities. The outcome of any proceeding and associated costs and expenses could have a material adverse impact on Safety-Kleen’s financial condition and results of operations.

Recent and potential changes in environmental laws and regulations may also adversely affect in the future Safety-Kleen's parts cleaning and other solvent related services. In particular, there has been a regulatory-driven shift away from solvents having higher volatile organic compounds, or ‘‘VOC,’’ as evidenced by the recent move of the Ozone Transport Commission representing several states to reduce the VOC limits for various products, including solvent used for parts cleaning or with paint-gun cleaning equipment. Interpretation or enforcement of existing laws and regulations, or the adoption of new laws and regulations, may require Safety-Kleen to modify or curtail its operations or replace or upgrade its facilities or equipment at substantial cost, which we may not be able to pass on to our customers, and we may choose to indemnify our customers from any fines or penalties they may incur as a result of these new laws and regulations. On the other hand, in some cases if new laws and regulations are less stringent, Safety-Kleen's customers or competitors may be able to manage waste

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more effectively themselves, which could decrease the need for Safety-Kleen’s services or increase competition, which could adversely affect Safety-Kleen’s results of operations.

Safety-Kleen is subject to existing and potential product liability lawsuits.

Safety-Kleen has been named from time to time as a defendant in various product liability lawsuits in various courts and jurisdictions throughout the United States. As of December 31, 2014, Safety-Kleen was involved in approximately 59 proceedings (including cases which have been settled but not formally dismissed) wherein persons claim personal injury resulting from the use of its parts cleaning equipment or cleaning products. These proceedings typically involve allegations that the solvent used in Safety-Kleen’s parts cleaning equipment contains contaminants or that Safety-Kleen’s recycling process does not effectively remove the contaminants that become entrained in the solvent during their use. In addition, certain claimants assert that Safety-Kleen failed to warn adequately the product user of potential risks, including a historic failure to warn that solvent contains trace amounts of toxic or hazardous substances such as benzene. Although Safety-Kleen maintains insurance that we believe will provide coverage for these claims (over amounts accrued for self-insured retentions and deductibles in certain limited cases), this insurance may not provide coverage for potential awards of punitive damages against Safety-Kleen. Although Safety-Kleen has vigorously defended and will continue to vigorously defend itself and the safety of its products against all of these claims, these matters are subject to many uncertainties and outcomes are not predictable with assurance. Safety-Kleen may also be named in similar, additional lawsuits in the future, including claims for which insurance coverage may not be available. If one or more of these claims were decided unfavorably against Safety-Kleen and the plaintiffs were awarded punitive damages, or if insurance coverage were not available for any such claim, our financial condition and results of operations could be materially and adversely affected. Additionally, if one or more of these claims were decided unfavorably against Safety-Kleen, such outcome may encourage more lawsuits against us.

Safety-Kleen is dependent on third parties for the manufacturing of the majority of its equipment.

Safety-Kleen does not manufacture the majority of the equipment, including parts washers, that Safety-Kleen places at customer sites. Accordingly, Safety-Kleen relies on a limited number of third party suppliers for manufacturing this equipment. The supply of third party equipment could be interrupted or halted by a termination of Safety-Kleen’s relationships, a failure of quality control or other operational problems at such suppliers or a significant decline in their financial condition. If Safety-Kleen were not able to retain these providers or obtain its requests from them, Safety-Kleen may not be able to obtain alternate providers in a timely manner or on economically attractive terms, and as a result, Safety-Kleen may not be able to compete successfully for new business, complete existing engagements profitably or retain its existing customers. Additionally, if Safety-Kleen’s third party suppliers provide it with defective equipment, it may be subject to reputational damage or product liability claims which may negatively impact its reputation, financial condition and results of operations. Further, Safety-Kleen generally does not have long-term contracts with its third party suppliers, and as a result these suppliers may increase the price of the equipment they provide to Safety-Kleen, which may hurt Safety-Kleen’s results of operations.

Additional Risks of Our Lodging Services Business

All of our major Canadian lodges are located on land subject to leases; if we were unable to renew a lease, we could be materially and adversely affected.

All of our major Canadian lodges are located on land subject to leases. Accordingly, while we own the accommodations assets and can move them to other locations, if necessary, we only own a leasehold in those properties. If we were found to be in breach of a lease, we could lose the right to use the property. In addition, unless we could extend the terms of these leases before their expiration we would lose our right to operate our facilities located on these properties upon expiration of the leases. In that event, we would be required to remove our accommodations assets and remediate the sites. We may not be able to renew our leases upon expiration on similar terms, or at all, and if we were unable to renew leases on similar terms, it may have an adverse effect on our business.

In addition, if we were to lose the right to use a lodge due to non-renewal of a lease, we would be unable to derive income from such lodge, which could materially and adversely affect us.

Due to the significant concentration of our Lodging Services business in the oil sands region of Alberta, Canada, adverse events in that region could negatively impact our business.

Because of the concentration of our accommodations business in the oil sands region of Alberta, Canada, we have increased exposure to political, regulatory, environmental, labor, climate or natural disaster events or developments that could disproportionately impact our operations and financial results. For example, in 2011, forest fires in northern Alberta impacted areas near our Canadian lodges.

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Our Lodging Services business depends significantly on several major customers, and the loss of one or more such customers or the inability of one or more such customers to meet their obligations to us could adversely affect our results of operations.

Our Lodging Services business depends significantly on several major customers engaged primarily in oil and gas exploration and production. Declines in the general level of oil and gas exploration and production in the oil sands region resulting in decreased demand in our lodging services could occur and have adverse effects on the revenues and profitability on our Lodging Services business. The loss of any one or more of such large customers or a sustained decrease in demand by any of them could result in a substantial loss of revenues and could have a material adverse effect on our results of operations. In addition, the concentration of our customers in oil and gas exploration and production may impact our overall exposure to credit risk, either positively or negatively, because our customers may be similarly affected by changes in economic and industry conditions. While we perform ongoing credit evaluations of our customers, we do not generally require collateral in support of our trade receivables. As a result, we are subject to risks of loss resulting from nonpayment or nonperformance by our customers.

We may be adversely affected if customers reduce their accommodations outsourcing.

The business and growth strategy of our Lodging Services business depends in large part on the continuation of a current trend toward outsourcing services. Many oil and gas companies in our core markets own their own accommodations facilities, while others outsource all or part of their accommodations requirements. Customers have largely built their accommodations in the past but will outsource if they perceive that outsourcing may provide quality services at a lower overall cost or allow them to accelerate the timing of their projects. We cannot be certain that this trend will continue and not be reversed or that customers that have outsourced accommodations will not decide to perform these functions themselves or only outsource accommodations during the development or construction phases of their projects. In addition, labor unions representing customer employees and contractors have, in the past, opposed outsourcing accommodations to the extent that the unions believe that third-party accommodations negatively impact union membership and recruiting. The reversal or reduction in customer outsourcing of accommodations could negatively impact our financial results and growth prospects.

Increased operating costs and obstacles to cost recovery due to the pricing and cancellation terms of our accommodation services contracts may constrain our ability to make a profit.

The profitability of our Lodging Services business can be adversely affected by cost increases for food, wages and other labor related expenses, insurance, fuel and utilities, especially to the extent we are unable to recover such increased costs through increases in the prices for our services due to general economic conditions, competitive conditions or contractual provisions in our customer contracts. Oil and natural gas prices have fluctuated significantly in the last several years, and substantial increases in the cost of fuel and utilities have historically resulted in cost increases for our lodges. From time to time we have also experienced increases in our food costs. While we believe a portion of these increases were attributable to fuel prices, we believe the increases also resulted from rising global food demand. In addition, food prices can fluctuate as a result of temporary changes in supply, including as a result of severe weather such as droughts, heavy rains and late freezes. While our long term contracts often provide for annual escalation in our room rates for food, labor and utility inflation, we may be unable to fully recover costs and such increases in costs would negatively impact our profitability on contracts that do not contain inflation protections.

Additional Risks of Our Oil and Gas Field Services Business

A large portion of our Oil and Gas Field Services business is dependent on the oil and gas industry in Western Canada, and declines in oil and gas exploration and production in that region could adversely affect our business.

Our Oil and Gas Field Services business generates well over 50% of its total revenues from customers in the oil and gas industry operating in Western Canada, although a majority of the services we provide to such customers relate to oil and gas production and refining which is less volatile than oil and gas exploration. Accordingly, declines in the general level of oil and gas exploration and production in Western Canada could potentially have significant adverse effects on the revenues and profitability of our Oil and Gas Field Services business and could also potentially result in asset impairment charges being recognized. Such declines have occurred and continue to occur and could potentially occur in the future if reductions in the commodity prices of oil and gas result in reduced oil and gas exploration, production and refining. Such declines could also be triggered by technological and regulatory changes, such as those affecting the availability and cost of alternative energy sources and other changes in industry and worldwide economic and political conditions.

Many of our major customers in the oil and gas industry conduct a significant portion of their operations in the Alberta oil sands. The Alberta oil sands contain large oil deposits, but extraction may involve significantly greater cost and

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environmental concerns than conventional drilling. While we believe our major involvement in the oil sands region will provide significant future growth opportunities, such involvement also increases the risk that our business will be adversely affected if future economic activity in the Alberta oil sands were to decline. Major factors that could cause such a decline might include a prolonged reduction in the commodity price of oil, future changes in environmental restrictions and regulations, and technological and regulatory changes relating to production of oil from the oil sands. The downturn in worldwide economic conditions and in the commodity price of oil and gas which has recently occurred and continues to occur has caused certain of our customers to delay a number of large projects in the planning and early development phases within the oil sands region. In addition, customers are revisiting their operating budgets and challenging their suppliers to reduce costs and achieve better efficiencies in their work programs.

Although we plan to carve-out primarily our Oil and Gas Field Services business into a stand-alone new public company, there is no assurance if and when such carve-out will occur. Furthermore, even if and when such carve-out does occur, we will remain subject to the risks now associated with our Oil and Gas Field Services business as long as we retain a significant ownership interest in such new public company.

On January 20, 2015, we announced that we plan to carve out primarily our Oil and Gas Field Services segment into a new standalone public company. Due to the synergies related to drilling activity, we may also include our lodging drill camps business from our Lodging Services segment as part of that new company. Timing could take more than 12 months and completion of the carve-out is subject to certain conditions including, but not limited to, market conditions, determination of the most advantageous structure from a financial and tax standpoint, overall costs to our company, receipt of regulatory approvals, compliance with our debt covenants, the effectiveness of securities laws filings and final approval by our board of directors. There can be no assurance regarding the ultimate structure and timing of the proposed transaction or whether the transaction will be completed. Furthermore, even if and when such carve-out does occur, we will remain subject to the risks now associated with our Oil and Gas Field Services segment as long as we retain a significant ownership interest in the new public company.

Risks Relating to Our Level of Debt, Letters of Credit and Senior Unsecured Notes

Our substantial levels of outstanding debt and letters of credit could adversely affect our financial condition and ability to fulfill our obligations.

As of December 31, 2014, we had outstanding $1.4 billion of senior unsecured notes and $134.5 million of letters of credit. Our substantial levels of outstanding debt and letters of credit may:

- adversely impact our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes or to repurchase the notes from holders upon any change of control;
- require us to dedicate a substantial portion of our cash flow to the payment of interest on our debt and fees on our letters of credit, which reduces the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes;
- subject us to the risk of increased sensitivity to interest rate increases based upon variable interest rates, including borrowings (if any) under our revolving credit facility;
- increase the possibility of an event of default under the financial and operating covenants contained in our debt instruments; and
- limit our ability to adjust to rapidly changing market conditions, reduce our ability to withstand competitive pressures and make us more vulnerable to a downturn in general economic conditions of our business than our competitors with less debt.

Our ability to make scheduled payments of principal or interest with respect to our debt, including our outstanding notes, any revolving loans and our capital leases, and to pay fee obligations with respect to our letters of credit, will depend on our ability to generate cash and on our future financial results. If we were unable to generate sufficient cash flow from operations in the future to service our debt and letter of credit fee obligations, we might be required to refinance all or a portion of our existing debt and letter of credit facilities or to obtain new or additional such facilities. However, we might not be able to obtain any such new or additional facilities on favorable terms or at all.

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Despite our substantial levels of outstanding debt and letters of credit, we could incur substantially more debt and letter of credit obligations in the future.

Although our revolving credit agreement and the indentures governing our outstanding notes contain restrictions on the incurrence of additional indebtedness (including, for this purpose, reimbursement obligations under outstanding letters of credit), these restrictions are subject to a number of qualifications and exceptions and the additional indebtedness which we might incur in the future in compliance with these restrictions could be substantial. In particular, we had available at December 31, 2014, up to an additional approximately $238.4 million for purposes of additional borrowings and letters of credit. The revolving credit agreement and the indentures governing our outstanding notes also allow us to borrow significant amounts of money from other sources. These restrictions would also not prevent us from incurring obligations (such as operating leases) that do not constitute “indebtedness” as defined in the relevant agreements. To the extent we incur in the future additional debt and letter of credit obligations, the related risks would increase.

The covenants in our debt agreements restrict our ability to operate our business and might lead to a default under our debt agreements.

Our revolving credit agreement and the indentures governing our outstanding notes limit, among other things, our ability and the ability of our restricted subsidiaries to:

- incur or guarantee additional indebtedness (including, for this purpose, reimbursement obligations under letters of credit) or issue preferred stock;
- pay dividends or make other distributions to our stockholders;
- purchase or redeem capital stock or subordinated indebtedness;
- make investments;
- create liens;
- incur restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to us;
- sell assets, including capital stock of our subsidiaries;
- consolidate or merge with or into other companies or transfer all or substantially all of our assets; and
- engage in transactions with affiliates.

As a result of these covenants, we may not be able to respond to changes in business and economic conditions and to obtain additional financing, if needed, and we may be prevented from engaging in transactions that might otherwise be beneficial to us. Our revolving credit facility requires, and our future credit facilities may require, us to maintain certain financial ratios and satisfy certain other financial condition tests. Our ability to meet these financial ratios and tests can be affected by events beyond our control, and we may not be able to meet those tests. The breach of any of these covenants could result in a default under our revolving credit facility or future credit facilities. Upon the occurrence of an event of default, the lenders could elect to declare all amounts outstanding under such credit facilities, including accrued interest or other obligations, to be immediately due and payable. If amounts outstanding under such credit facilities were to be accelerated, our assets might not be sufficient to repay in full that indebtedness and our other indebtedness.

Our revolving credit agreement and the indentures governing our outstanding notes also contain cross-default and cross-acceleration provisions. Under these provisions, a default or acceleration under one instrument governing our debt may constitute a default under our other debt instruments that contain cross-default and cross-acceleration provisions, which could result in the related debt and the debt issued under such other instruments becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which funds might not be available to us on favorable terms, on a timely basis or at all. Alternatively, such a default could require us to sell assets and otherwise curtail operations to pay our creditors. The proceeds of such a sale of assets, or curtailment of operations, might not enable us to pay all of our liabilities.

Other Risks Relating to Our Common Stock

The Massachusetts Business Corporation Act and our By-Laws contain certain anti-takeover provisions.

Sections 8.06 and 7.02 of the Massachusetts Business Corporation Act provide that Massachusetts corporations which are publicly-held must have a staggered board of directors and that written demand by holders of at least 40% of the outstanding shares of each relevant voting group of stockholders is required for stockholders to call a special meeting unless such corporations take certain actions to affirmatively "opt-out" of such requirements. In accordance with these provisions, our By-Laws provide for a staggered Board of Directors which consists of three classes of directors of which one class is elected each year for a three-year term, and require that written application by holders of at least 25% (which is less than the 40% which would otherwise be applicable without such a specific provision in our By-Laws) of our outstanding shares of common stock is required for stockholders to call a special meeting. In addition, our By-Laws prohibit the removal by the stockholders of a director except for cause. These provisions could inhibit a takeover of our Company by restricting stockholders' action to

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replace the existing directors or approve other actions which a party seeking to acquire us might propose. A takeover transaction would frequently afford stockholders an opportunity to sell their shares at a premium over then market prices.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our principal executive offices are in Norwell, Massachusetts where approximately 151,000 square feet is leased under arrangements expiring in 2022. There are also regional administrative offices in Texas, South Carolina and Alberta, Canada. Our properties are sufficient and suitable for our current needs.

We have a network of more than 400 service locations across 48 states, eight Canadian provinces, Puerto Rico, Mexico and Trinidad. Those service locations include service centers, satellite locations, branches, active hazardous waste management properties, lodging facilities and oil processing facilities. The service centers and branches are the principal sales and service centers from which we provide our environmental, energy and industrial services. The active hazardous waste management properties include incineration facilities, commercial and non-commercial landfills, wastewater treatment facilities, treatment, storage and disposal facilities ("TSDFs"), solvent recovery management and recycling facilities, locations specializing in polychlorinated biphenyls ("PCBs") management, oil accumulation centers, oil terminals and oil re-refineries. Some of our properties offer multiple capabilities. The following sets forth certain information as of December 31, 2014 regarding our properties. Our principal owned operating properties located in the United States are mortgaged as collateral under our revolving credit facility.

Service Centers, Satellite Locations and Branches

We have approximately 360 service centers, satellite locations and branches throughout the United States and Canada which serve as principal sales and service centers from which we provide parts cleaning services, containerized waste services, oil collection services and other environmental services.

Active Hazardous Waste Management Properties

Incineration Facilities. We own five operating incineration facilities that have a total of eight incinerators with 491,721 tons of total practical capacity and an average utilization rate for 2014 of 91.2%.

	# of Incinerators	Practical Capacity (Tons)	Utilization Rate Year Ended December 31, 2014	
Arkansas	2	95,072	88.6	%
Nebraska	1	58,808	79.0	%
Utah	1	66,815	85.9	%
Texas	3	165,500	96.2	%
Ontario, Canada	1	105,526	95.9	%
	8	491,721	91.2	%

Our incinerators offer a wide range of technological capabilities to customers through this network. Incineration in the United States is provided by one fluidized bed thermal oxidation unit and three solids and liquids-capable incineration facilities. In Canada, we operate one active hazardous waste liquid injection incinerator which we made several upgrades and enhancements in 2014 increasing its practical capacity by approximately 12,000 tons from the comparable period in 2013 to 105,526 tons annually, which increased our entire network to 491,721 tons of annual practical capacity. We are now constructing a new incinerator at our El Dorado, Arkansas facility with completion projected late 2016. We expect this new incinerator to add approximately 70,000 tons of additional capacity.

Commercial and Non-Commercial Landfills. In the United States and Canada, we operate nine commercial landfills with approximately 30.0 million cubic yards of remaining highly probable airspace. Seven of our commercial landfills are designed and permitted for the disposal of hazardous wastes and two landfills are operated for nonhazardous industrial waste disposal and, to a lesser extent, municipal solid waste. In addition to our commercial landfills, we also own and operate two non-commercial landfills that only accept waste from our on-site incinerators. See "Landfill Accounting" within Note 2, "Significant Accounting Policies," to our consolidated financial statements included in Item 8 of this report for additional information on

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our commercial and non-commercial landfills.

Wastewater Treatment Facilities. We operate a total of seven facilities, of which five are owned and two are leased, that offer a range of wastewater treatment technologies and customer services. Wastewater treatment consists primarily of three types of services: hazardous wastewater treatment, sludge de-watering or drying, and non-hazardous wastewater treatment.

Treatment, Storage and Disposal Facilities. We operate 20 TSDFs, of which 18 are owned and two are leased, in the United States and Canada. Our TSDFs facilitate the movement of materials among our network of service centers and treatment and disposal facilities. Transportation may be accomplished by truck, rail, barge or a combination of modes, with our own assets or in conjunction with third-party transporters. Specially designed containment systems, vehicles and other equipment permitted for hazardous and industrial waste transport, together with drivers trained in transportation and waste handling procedures, provide for the movement of customer waste streams.

Solvent Recovery Management and Recycling Operations. We own two facilities specializing in solvent recovery management.

PCB Management Facilities and Oil Storage or Recycling Capabilities. We operate nine facilities, of which seven are owned and two are leased, specializing in PCB management or providing oil recycling capabilities.

Lodging Facilities

Lodge Operations. We operate ten fixed lodges, all of which are owned and located on sites in Alberta, Canada that are leased under long term operating agreements.

Camps. We operate various camp facilities that can grow and shrink in size and location. Generally, we have ongoing operations at 6-8 larger facilities that we expect to operate on a multi-year basis. Additionally, we operate five office complexes, six mini-camps, and approximately 50 single and double occupancy drill camps. All of our camp facilities are owned and located on various sites throughout Western Canada. Sites for the larger facilities are generally leased, whereas sites for the smaller facilities are generally provided by our customers.

Oil Processing Facilities

Oil Accumulation Centers. We operate a total of nine accumulation centers, of which eight are owned and one is leased, used for accumulating waste oil from our branches.

Oil Terminals. We operate a total of 18 oil terminals, of which 13 are owned and five are leased, which collect or process used oil prior to delivery to re-refineries or distribution as RFO.

Oil Recycling and Re-refining Facilities. We own three oil re-refineries, two in the United States and one in Canada. With more than 200 million gallons of used oil processed annually, we were able to return in 2014 over 160 million gallons of new re-refined oil, lubricants and byproducts back into the marketplace.

ITEM 3. LEGAL PROCEEDINGS

See Note 16, "Commitments and Contingencies," to our consolidated financial statements included in Item 8 of this report for a description of legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock

Our common stock trades on the New York Stock Exchange (the "NYSE") under the symbol CLH. The following table sets forth the high and low sales prices of our common stock for the indicated periods as reported by the NYSE.

	2014		2013	
	High	Low	High	Low
First Quarter	$60.47	$44.95	$60.00	$48.22
Second Quarter	$64.30	$52.02	$61.28	$50.37
Third Quarter	$65.53	$53.66	$59.80	$50.23
Fourth Quarter	$53.84	$43.05	$64.12	$51.77

On February 19, 2015, the closing price of our common stock on the NYSE was $52.74 and there were 323 stockholders of record of our common stock, excluding stockholders whose shares were held in nominee, or "street," name. We estimate that approximately 24,000 additional stockholders beneficially held shares in street name on that date.

We have never declared nor paid any cash dividends on our common stock, and we do not intend to pay any dividends on our common stock in the foreseeable future. We intend to retain our future earnings, if any, for use in the operation and expansion of our business, payment of our outstanding debt and our stock repurchase program. In addition, our current credit agreement and indentures limit the amount we could pay as cash dividends on, or for repurchase of, our common stock. See "Liquidity and Capital Resources" under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (3)
October 1, 2014 through October 31, 2014	1,721	$50.90	—	$96,207,259
November 1, 2014 through November 30, 2014	800,306	$48.99	800,000	$57,014,584
December 1, 2014 through December 31, 2014	250,457	$45.43	250,000	$45,658,509
Total	1,052,484	$48.15	1,050,000	$45,658,509

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(1) Includes 2,484 shares withheld by us from employees to satisfy employee tax obligations upon vesting of restricted stock units granted to our employees under our long-term equity incentive programs.

(2) The average price paid per share of common stock repurchased under our stock repurchase program includes the commissions paid to the brokers.

(3) On February 25, 2014, our board of directors authorized the repurchase of up to $150 million of our common stock. We have funded and intend to fund the repurchases through available cash resources. The stock repurchase program authorizes us to purchase our common stock on the open market from time to time. The stock repurchases have been and will be made in a manner that complies with applicable U.S. securities laws. The number of shares purchased and the timing of the purchases have depended and will continue to depend on a number of factors, including share price, cash required for future business plans, trading volume and other conditions. We have no obligation to repurchase stock under this program and may suspend or terminate the repurchase program at any time.

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COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN
AMONG CLEAN HARBORS, INC.,
NYSE COMPOSITE INDEX, AND CUSTOM PEER GROUP

Performance Graph

The following graph compares the five-year return from investing $100 in each of our common stock, the NYSE Composite Index, and an index of environmental services companies (custom peer group) compiled by CoreData. The environmental services group used by CoreData includes all companies whose listed line-of-business is SIC Code 4953 (refuse systems), and assumes reinvestment of dividends on the ex-dividend date. An index compares relative performance since a particular starting date. In this instance, the starting date was December 31, 2009, when our common stock closed at $29.81 per share.

ASSUMES $100 INVESTED ON JAN. 01, 2010
ASSUMES DIVIDEND REINVESTED

Securities Authorized For Issuance Under Equity Compensation Plans

See Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," for a description of the securities which are authorized for issuance under our equity compensation plans.

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ITEM 6. SELECTED FINANCIAL DATA

The following summary of consolidated financial information has been derived from the audited consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data," of this report and in the annual reports we previously filed with the SEC. This information should be reviewed in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the financial statements and the notes thereto included in Item 8, "Financial Statements and Supplementary Data," of this report.

	For the Year Ended December 31,				
(in thousands except per share amounts)	2014	2013	2012	2011	2010
Income Statement Data:					
Total revenues	$3,401,636	$3,509,656	$2,187,908	$1,984,136	$1,731,244
(Loss) income from continuing operations (1)	(28,328)	95,566	129,674	127,252	127,721
Income from discontinued operations, net of tax	—	—	—	—	2,794
Net (loss) income (1)	$(28,328)	$95,566	$129,674	$127,252	$130,515
(Loss) earnings per share: (1)(2)					
Basic	$(0.47)	$1.58	$2.41	$2.40	$2.48
Diluted	$(0.47)	$1.57	$2.40	$2.39	$2.47
Other Financial Data:					
Adjusted EBITDA (3)	$521,919	$510,105	$373,767	$350,008	$314,692

	At December 31,				
(in thousands)	2014	2013	2012	2011	2010
Balance Sheet Data:					
Total assets	$3,704,278	$3,953,678	$3,838,086	$2,085,803	$1,602,475
Long-term obligations (including current portion) (4)	1,395,536	1,402,764	1,407,971	538,888	278,800
Stockholders' equity (2)	1,262,871	1,475,639	1,432,072	900,987	780,827

(1) The 2014 results include a $123.4 million goodwill impairment charge on our Oil Re-refining and Recycling reporting unit. See Note 6, "Goodwill and Other Intangible Assets," to our consolidated financial statements included in Item 8 of this report for additional information regarding that goodwill impairment charge. The 2012 results include a $26.4 million loss on early extinguishment of debt in connection with a redemption and repurchase of our $520.0 million previously outstanding senior secured notes and an income tax benefit of $1.9 million primarily due to a decrease in unrecognized tax benefits of $52.4 million (net of interest and penalties of $29.3 million) resulting from expiring statute of limitation periods related to a historical Canadian debt restructuring transaction.

(2) We issued 6.9 million shares of our common stock in December 2012 upon the closing of a public offering for aggregate net proceeds of $369.3 million.

(3) See "Adjusted EBITDA" under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this report for a discussion of Adjusted EBITDA.

(4) Long-term obligations (including current portion) include borrowings under our current and former revolving credit facilities and capital lease obligations.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are North America’s leading provider of environmental, energy and industrial services. We serve a diverse customer base, including a majority of the Fortune 500, across the chemical, energy, manufacturing and additional markets, as well as numerous government agencies. These customers rely on us to deliver a broad range of services including but not limited to end-to-end hazardous waste management, emergency spill response, industrial cleaning and maintenance, and recycling services. Through our acquisition in December 2012 of Safety-Kleen, Inc. ("Safety-Kleen"), we are also the largest re-refiner and recycler of used oil in the world and the largest provider of parts cleaning and environmental services to commercial, industrial and automotive customers in North America.

During the second quarter of 2014, we made changes to the manner in which we manage our business, make operating decisions and assess performance. These changes included the reassignment of certain departments among our operating segments in line with management reporting changes as well as the identification of Lodging Services as an additional segment. Under the new structure, our operations are managed in six reportable segments: Technical Services, Industrial and Field Services which consists of the Industrial Services and Field Services operating segments, Oil Re-refining and Recycling, SK Environmental Services, Lodging Services and Oil and Gas Field Services. The amounts presented for all periods in this report have been recast to reflect the impact of such changes. A description of these segments is included within Item 1, “Business,” of this report.

Financial Highlights

Total revenues for 2014 decreased 3.1% to $3.40 billion from $3.51 billion in 2013. Decreases in total revenue were primarily attributable to decreases in the Oil and Gas Field Services, Lodging Services and Industrial and Field Services segments resulting primarily from overall economic downturn and lower activity levels seen in markets in which those segments operate. In addition, the effects of foreign currency translation reduced revenue by approximately 2% in 2014 as compared to 2013, but those impacts were partially offset by incremental revenues generated from the operations acquired as part of the September 2013 acquisition of Evergreen Oil, Inc. ("Evergreen"). Changes in segment revenues are more fully described in our Segment Performance section below under the heading "Direct Revenues." Income from operations in 2014 was $111.8 million compared with $220.6 million in 2013. Decreases in income from operations were primarily due to a $123.4 million goodwill impairment charge recorded on our Oil Re-refining and Recycling reporting unit. Adjusted EBITDA, which is the primary financial measure by which our segments are evaluated, increased 2.3% to $521.9 million for 2014 from $510.1 million for 2013 as we were successful in strategically reducing our cost structure and implementing numerous cost cutting initiatives. Additional information, including a reconciliation of Adjusted EBITDA to Net Income, appears below under the heading "Adjusted EBITDA."

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Segment Performance

Performance of our segments is evaluated on several factors of which the primary financial measure is Adjusted EBITDA. The following table sets forth certain operating data associated with our results of operations for the years ended December 31, 2014, 2013 and 2012.

	Summary of Operations (in thousands)						
	Year Ended December 31,			2014 over 2013		2013 over 2012	
	2014	2013	2012	$ Change	% Change	$ Change	% Change
Third Party Revenues[1]:							
Technical Services	$1,043,267	$1,023,926	$957,764	$19,341	1.9 %	$66,162	6.9 %
Industrial and Field Services	681,779	708,523	634,254	(26,744)	(3.8)	74,269	11.7
Oil Re-refining and Recycling	533,587	528,636	—	4,951	0.9	528,636	100.0
SK Environmental Services	667,320	665,008	—	2,312	0.3	665,008	100.0
Lodging Services	172,218	208,545	199,497	(36,327)	(17.4)	9,048	4.5
Oil and Gas Field Services	303,189	383,959	394,917	(80,770)	(21.0)	(10,958)	(2.8)
Corporate Items[2]	276	(8,941)	1,476	9,217	103.1	(10,417)	(705.8)
Total	$3,401,636	$3,509,656	$2,187,908	$(108,020)	(3.1)%	$1,321,748	60.4 %
Direct Revenues[1]:							
Technical Services	$1,205,383	$1,147,815	$991,696	$57,568	5.0 %	$156,119	15.7 %
Industrial and Field Services	639,369	663,589	590,458	(24,220)	(3.6)	73,131	12.4
Oil Re-refining and Recycling	331,723	335,627	—	(3,904)	(1.2)	335,627	100.0
SK Environmental Services	747,739	772,099	—	(24,360)	(3.2)	772,099	100.0
Lodging Services	174,732	212,385	202,533	(37,653)	(17.7)	9,852	4.9
Oil and Gas Field Services	308,270	390,505	403,615	(82,235)	(21.1)	(13,110)	(3.2)
Corporate Items[2]	(5,580)	(12,364)	(394)	6,784	54.9	(11,970)	(3,038.1)
Total	3,401,636	3,509,656	2,187,908	(108,020)	(3.1)	1,321,748	60.4
Cost of Revenues[3]:							
Technical Services	791,824	779,472	659,989	12,352	1.6	119,483	18.1
Industrial and Field Services	499,423	513,519	453,452	(14,096)	(2.7)	60,067	13.2
Oil Re-refining and Recycling	264,437	259,905	—	4,532	1.7	259,905	100.0
SK Environmental Services	524,280	551,129	—	(26,849)	(4.9)	551,129	100.0
Lodging Services	108,066	127,259	120,910	(19,193)	(15.1)	6,349	5.3
Oil and Gas Field Services	244,642	295,659	296,602	(51,017)	(17.3)	(943)	(0.3)
Corporate Items[2]	9,124	15,690	9,668	(6,566)	(41.8)	6,022	62.3
Total	2,441,796	2,542,633	1,540,621	(100,837)	(4.0)	1,002,012	65.0
Selling, General and Administrative Expenses:							
Technical Services	85,429	82,823	81,878	2,606	3.1	945	1.2

Industrial and Field Services	52,355	53,266	54,187	(911)	(1.7)	(921)	(1.7)
Oil Re-refining and Recycling	15,725	18,719	—	(2,994)	(16.0)	18,719	100.0
SK Environmental Services	109,473	108,248	—	1,225	1.1	108,248	100.0
Lodging Services	5,228	4,768	5,531	460	9.6	(763)	(13.8)
Oil and Gas Field Services	23,514	26,991	29,945	(3,477)	(12.9)	(2,954)	(9.9)
Corporate Items	146,197	175,662	101,979	(29,465)	(16.8)	73,683	72.3
Total	437,921	470,477	273,520	(32,556)	(6.9)	196,957	72.0
Adjusted EBITDA							
Technical Services	328,130	285,520	249,829	42,610	14.9	35,691	14.3
Industrial and Field Services	87,591	96,804	82,819	(9,213)	(9.5)	13,985	16.9
Oil Re-refining and Recycling	51,561	57,003	—	(5,442)	(9.5)	57,003	100.0
SK Environmental Services	113,986	112,722	—	1,264	1.1	112,722	100.0
Lodging Services	61,438	80,358	76,092	(18,920)	(23.5)	4,266	5.6
Oil and Gas Field Services	40,114	67,855	77,068	(27,741)	(40.9)	(9,213)	(12.0)
Corporate Items	(160,901)	(190,157)	(112,041)	29,256	15.4	(78,116)	(69.7)
Total	$521,919	$510,105	$373,767	$11,814	2.3 %	$136,338	36.5 %

(1) Third party revenue is revenue billed to outside customers by a particular segment. Direct revenue is revenue allocated to the segment performing the provided service.

(2) Corporate Items revenues and costs of revenues for the year ended December 31, 2013 includes purchase price measurement period adjustments.

(3) Cost of revenue is shown exclusive of items shown separately on the statements of income which consist of (i) accretion of environmental liabilities and (ii) depreciation and amortization.

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Direct Revenues

There are many factors which have impacted, and continue to impact, our revenues. These factors include, but are not limited to: foreign currency translation, acquisitions, general conditions of the oil and gas related industries, competitive industry pricing, the effects of fuel prices on our fuel recovery fees, and the level of emergency response projects.

Technical Services direct revenues for the year ended December 31, 2014 increased 5.0%, or $57.6 million, from the comparable period in 2013 primarily due to increased sales in our treatment, storage and disposal network primarily as a result of higher prices. Our incinerators generated a utilization rate of 91.2% on 491.7 thousand tons of annual practical capacity as compared to 91.4% on 479.9 thousand tons of annual practical capacity in the comparable period in 2013. In 2014, we made several upgrades and enhancements to our Canada incinerator increasing its practical capacity by approximately 12,000 tons which increased our entire network to 491.7 thousand tons of annual practical capacity. For the year ended December 31, 2013, direct revenues increased 15.7%, or $156.1 million, from the comparable period in 2012 primarily due to growth in our treatment, storage and disposal network due to higher drum volumes, an increase in our wastewater treatment volumes, contributions from our remediation projects business and the integration of a portion of the Safety-Kleen business.

Industrial and Field Services direct revenues for the year ended December 31, 2014 decreased 3.6%, or $24.2 million, from the comparable period in 2013 primarily due to decreased activity in the oil sands region, cyclicality of scheduled plant turnarounds and the effects of foreign currency translation. For the year ended December 31, 2013, direct revenues increased 12.4%, or $73.1 million, from the comparable period in 2012 primarily due to our turnaround services and field services businesses which benefited from the full-year effect of several 2012 acquisitions.

Oil Re-refining and Recycling direct revenues for the year ended December 31, 2014 decreased 1.2%, or $3.9 million, from the comparable period in 2013 primarily due to lower sales prices for both base and blended oils, partially offset by increased volumes resulting from our acquisition of Evergreen on September 13, 2013. These lower sales prices resulted from macroeconomic factors in the base and blended oil markets which drove overall market pricing downward throughout the second half of fiscal 2014. Additionally, revenues were negatively impacted, as compared to the comparable period in 2013, by the effects of foreign currency translation. Our Oil Re-refining and Recycling and SK Environmental Services segments were added in 2013 due to our acquisition of Safety-Kleen in December 2012. For the year ended December 31, 2013, our Oil Re-refining and Recycling segment had direct revenues of $335.6 million consisting primarily of our base oil and blended oil sales.

SK Environmental Services direct revenues for the year ended December 31, 2014 decreased 3.2%, or $24.4 million, from the comparable period in 2013 primarily due to system integration changes which occurred in May of 2013 and changed the manner by which waste is tracked across our disposal network, and lower refined fuel oil sales. For the year ended December 31, 2013, our SK Environmental Services segment, which is made up of our Safety-Kleen branches, had direct revenues of $772.1 million primarily consisting of our small quantity generator business, parts washers and waste oil collection business. During both 2014 and 2013, we conducted approximately 900,000 parts washer services on the nearly 200,000 parts washers that we handle for customers. In addition, we gathered just over 200 million gallons of waste oil, of which the vast majority went into our plants to be re-refined.

Lodging Services direct revenues for the year ended December 31, 2014 decreased 17.7%, or $37.7 million, from the comparable period in 2013 primarily due to less favorable pricing at our camps and expired contracts at two of our camp facilities which subsequently closed. These decreases are reflective of lower levels of overall activity in the oil sands region and other areas of Western Canada where the majority of this segment operates. Additionally, revenues were negatively impacted, as compared to the year ended December 31, 2013, by the effects of foreign currency translation. For the year ended December 31, 2013, direct revenues increased 4.9%, or $9.9 million, from the comparable period in 2012 primarily due to the addition of two facilities in the second half of 2013 as well as an increase in our camp manufacturing revenue, partially offset by less favorable pricing at our camps and lower utilization of our catering facilities.

Oil and Gas Field Services direct revenues for the year ended December 31, 2014 decreased 21.1%, or $82.2 million, from the comparable period in 2013 primarily due to lower levels of activity and project delays in exploration, event and project related work which occurred in 2013 and did not reoccur in 2014, increased market competition further resulting in unfavorable downward pricing pressures, and the effects of foreign currency translation. For the year ended December 31, 2013, direct revenues decreased 3.2%, or $13.1 million, from the comparable period in 2012 primarily due to lower rig count in Western Canada that resulted in a reduction in surface rental activity and decreased seismic activities partially offset by increases in our production services due to oil and flood cleanup work in Western Canada. The lower revenue levels experienced in recent years is reflective of the overall industry in which our Oil and Gas Field Services segment operates. The industry over long periods of time has been volatile and cyclical in nature given its correlation with oil and gas economics and fluctuations in oil and gas prices and uncertainty of future prices.

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Corporate Items direct revenues increased $6.8 million for the year ended December 31, 2014 from the comparable period in 2013 primarily due to the impact of purchase accounting adjustments to deferred revenue balances that did not reoccur in 2014. For the year ended December 31, 2013, direct revenues decreased $12.0 million from the comparable period in 2012 primarily due to the impact of fair value acquisition accounting adjustments on Safety-Kleen’s historical deferred revenue at December 28, 2012. Revenue for the six reportable segments for year ended December 31, 2013 excludes such adjustments to maintain comparability with future operating results and reflect how we manage the business.

Cost of Revenues

We believe that our ability to manage operating costs is important to our ability to remain price competitive. We continue to upgrade the quality and efficiency of our services through the development of new technology and continued modifications at our facilities, and implementation of strategic sourcing and other cost reduction initiatives.

Technical Services cost of revenues for the year ended December 31, 2014 increased 1.6%, or $12.4 million, from the comparable period in 2013 due to increases in materials and supplies, outside transportation and utilities primarily as a result of the incremental revenue generated during the periods. For the year ended December 31, 2013, cost of revenues increased 18.1%, or $119.5 million, from the comparable period in 2012 primarily due to increases in salaries, labor and employee benefits, outside transportation, materials and supplies and outside disposal and rail costs. These increases were due to the incremental 2013 revenue generated from the integration of a portion of the Safety-Kleen business into the Technical Services segment.

Industrial and Field Services cost of revenues for the year ended December 31, 2014 decreased 2.7%, or $14.1 million, from the comparable period in 2013 primarily due to decreased revenues discussed previously. For the year ended December 31, 2013, cost of revenues increased 13.2%, or $60.1 million, from the comparable period in 2012 primarily due to the costs of the incremental 2013 revenue consisting of salaries, labor and employee benefits, outside transportation and materials and supplies.

Oil Re-refining and Recycling cost of revenues for the year ended December 31, 2014 increased 1.7%, or $4.5 million, from the comparable period in 2013 primarily due to increases in rail costs, utilities, materials and labor associated with the acquisition of Evergreen, which occurred on September 13, 2013. For the year ended December 31, 2013, our Oil Re-refining and Recycling cost of revenues of $259.9 million primarily consisted of salaries, labor and employee benefits, outside transportation, oil materials and rail costs.

SK Environmental Services cost of revenues for the year ended December 31, 2014 decreased 4.9%, or $26.8 million, from the comparable period in 2013 primarily due to system changes which occurred in May of 2013 and impacted how intercompany disposal charges are recorded between the SK Environmental Services segment and the Technical Services segment, and lower refined fuel oil sales year-over-year. For the year ended December 31, 2013, our SK Environmental Services cost of revenues of $551.1 million primarily consisted of salaries, labor and employee benefits, support of our branch network, transportation, used oil purchases and materials and supplies.

Lodging Services cost of revenues for the year ended December 31, 2014 decreased 15.1%, or $19.2 million, from the comparable period in 2013 primarily due to decreased revenues and lower costs related to our catering services as we have now internalized those costs. For the year ended December 31, 2013, cost of revenues for increased 5.3%, or $6.3 million, from the comparable period in 2012 primarily due to the costs of the incremental 2013 revenue.

Oil and Gas Field Services cost of revenues for the year ended December 31, 2014 decreased 17.3%, or $51.0 million, from the comparable period in 2013 primarily due to decreases in salaries, internal maintenance expense and equipment repair costs in connection with overall lower business activity and revenues. For the year ended December 31, 2013, cost of revenues decreased 0.3%, or $0.9 million, from the comparable period in 2012 primarily due to reductions in surface rentals and seismic activities resulting in a reduction in lease operator costs partially offset by increases in salary, labor and employee benefits.

Corporate Items cost of revenues decreased $6.6 million for the year ended December 31, 2014 from the comparable period in 2013 primarily due to non-cash acquisition inventory accounting adjustments that did not reoccur in 2014 and a decrease in insurance related costs. Corporate Items cost of revenues increased $6.0 million for the year ended December 31, 2013 from the comparable period in 2012 primarily due to the impact on Safety-Kleen's non-cash acquisition inventory accounting adjustments at December 28, 2012.

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Selling, General and Administrative Expenses

Technical Services selling, general and administrative expenses for the year ended December 31, 2014 increased 3.1%, or $2.6 million, from the comparable period in 2013 primarily due to increases in variable compensation, partially offset by cost saving initiatives. For the year ended December 31, 2013, selling, general and administrative expenses increased 1.2%, or $0.9 million, from the comparable period in 2012 primarily due to increases in salaries, employee benefits and year-over year increases in changes in environmental liability estimates, partially offset by a decrease in variable compensation.

Industrial and Field Services selling, general and administrative expenses for the year ended December 31, 2014 decreased 1.7%, or $0.9 million, from the comparable period in 2013 primarily due to cost saving initiatives offset partially by increased variable compensation. For the year ended December 31, 2013, selling, general and administrative expenses decreased 1.7%, or $0.9 million, from the comparable period in 2012 primarily due to lower variable compensation partially offset by increases in salaries and employee benefits.

Oil Re-refining and Recycling selling, general and administrative expenses for the year ended December 31, 2014 decreased 16.0%, or $3.0 million, from the comparable period in 2013 primarily due to cost saving initiatives and lower integration related professional fees. For the year ended December 31, 2013, our Oil Re-refining and Recycling selling, general and administrative expenses of $18.7 million primarily consisted of salaries, bonus and employee benefits.

SK Environmental selling, general and administrative expenses for the year ended December 31, 2014 increased 1.1%, or $1.2 million, from the comparable period in 2013 primarily due to an increase in variable compensation and marketing expenses partially offset by cost saving initiatives. For the year ended December 31, 2013, our SK Environmental Services selling, general and administrative expenses of $108.2 million primarily consisted of salaries, bonus and employee benefits.

Lodging Services selling, general and administrative expenses for the year ended December 31, 2014 increased 9.6%, or $0.5 million, from the comparable period in 2013 primarily due to increases in variable compensation and professional fees partially offset by cost saving initiatives. For the year ended December 31, 2013, selling, general and administrative expenses decreased 13.8%, or $0.8 million, from the comparable period in 2012 primarily due to decreases in salaries and commissions.

Oil and Gas Field Services selling, general and administrative expenses for the year ended December 31, 2014 decreased 12.9%, or $3.5 million, from the comparable period in 2013 primarily due to cost saving initiatives across several cost categories. For the year ended December 31, 2013, selling, general and administrative expenses decreased 9.9%, or $3.0 million, from the comparable period in 2012 primarily due to lower salaries, variable compensation and employee benefits.

Corporate Items selling, general and administrative expenses for the year ended December 31, 2014 decreased 16.8%, or $29.5 million, from the comparable period in 2013 primarily due to cost saving initiatives resulting in lower salaries and benefits expense as well as lower professional fees related primarily to acquisition and system integration related costs that did not reoccur in 2014. For the year ended December 31, 2013, selling, general and administrative expenses increased 72.3%, or $73.7 million, from the comparable period in 2012 primarily due to our acquisition of Safety-Kleen resulting in increases in salaries, bonus and employee benefits, professional fees and system integration expenses.

Adjusted EBITDA

Management considers Adjusted EBITDA to be a measurement of performance which provides useful information to both management and investors. Adjusted EBITDA should not be considered an alternative to net income or other measurements under generally accepted accounting principles ("GAAP"). Adjusted EBITDA is not calculated identically by all companies and, therefore our measurements of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

We use Adjusted EBITDA to enhance our understanding of our operating performance, which represents our views concerning our performance in the ordinary, ongoing and customary course of our operations. We historically have found it helpful, and believe that investors have found it helpful, to consider an operating measure that excludes certain expenses relating to transactions not reflective of our core operations.

The information about our operating performance provided by this financial measure is used by our management for a variety of purposes. We regularly communicate Adjusted EBITDA results to our lenders and to our board of directors and discuss with the board our interpretation of such results. We also compare our Adjusted EBITDA performance against internal targets as a key factor in determining cash bonus compensation for executives and other employees, largely because we believe that this measure is indicative of how the fundamental business is performing and is being managed.

We also provide information relating to our Adjusted EBITDA so that analysts, investors and other interested persons have the same data that we use to assess our core operating performance. We believe that Adjusted EBITDA should be viewed only as a supplement to the GAAP financial information. We also believe, however, that providing this information in addition

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to, and together with, GAAP financial information permits the foregoing persons to obtain a better understanding of our core operating performance and to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance on a standalone and a comparative basis.

The following is a reconciliation of net income to Adjusted EBITDA for the following periods (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Net (loss) income	$(28,328)	$95,566	$129,674
Accretion of environmental liabilities	10,612	11,541	9,917
Depreciation and amortization	276,083	264,449	161,646
Goodwill impairment charge	123,414	—	—
Other (income) expense	(4,380)	(1,705)	802
Loss on early extinguishment of debt	—	—	26,385
Interest expense, net	77,668	78,376	47,287
Pre-tax, non-cash acquisition accounting inventory adjustments	—	13,559	—
Provision (benefit) for income taxes	66,850	48,319	(1,944)
Adjusted EBITDA	$521,919	$510,105	$373,767

Depreciation and Amortization

	Year Ended December 31,			2014 over 2013		2013 over 2012	
(in thousands)	2014	2013	2012	$ Change	% Change	$ Change	% Change
Depreciation of fixed assets and landfill amortization	$239,411	$229,392	$144,448	$10,019	4.4 %	$84,944	58.8 %
Permits and other intangibles amortization	36,673	35,057	17,198	1,616	4.6 %	17,859	103.8 %
Total depreciation and amortization	$276,084	$264,449	$161,646	$11,635	4.4 %	$102,803	63.6 %

Depreciation and amortization increased 4.4%, or $11.6 million, for the year ended December 31, 2014 compared to the comparable period in 2013 primarily due to a larger fixed asset base partially offset by lower amortization. For the year ended December 31, 2013, depreciation and amortization increased 63.6%, or $102.8 million, compared to the comparable period in 2012 primarily due to the addition of Safety-Kleen and other acquisitions completed during the year.

Goodwill impairment charge

	Year Ended December 31,			2014 over 2013		2013 over 2012	
(in thousands)	2014	2013	2012	$ Change	% Change	$ Change	% Change
Goodwill impairment charge	$123,414	$—	$—	$123,414	100.0 %	$—	— %

During the year ended December 31, 2014, we recorded a $123.4 million goodwill impairment charge on our Oil Re-refining and Recycling reporting unit primarily because of decreases in the market prices of oil products sold by that reporting unit which had a negative impact on earnings expectations. For additional information regarding our 2014 goodwill impairment charge, see the discussion under the goodwill heading within our "Critical Accounting Policies and Estimates" below.

Other Income (Expense)

	Year Ended December 31,			2014 over 2013		2013 over 2012	
(in thousands)	2014	2013	2012	$ Change	% Change	$ Change	% Change
Other income (expense)	$4,380	$1,705	$(802)	$2,675	156.9 %	$2,507	312.6 %

Other income (expense) increased 156.9%, or $2.7 million, for the year ended December 31, 2014 compared to the comparable period in 2013 primarily due to gains recognized from the sale of investments which occurred in 2014.

For the year ended December 31, 2013, other income (expense) increased $2.5 million from the comparable period in 2012 primarily due to investment income and gains recognized from the sale of fixed assets.

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Loss on Early Extinguishment of Debt

	Year Ended December 31,			2014 over 2013		2013 over 2012	
(in thousands)	2014	2013	2012	$ Change	% Change	$ Change	% Change
Loss on early extinguishment of debt	$—	$—	$(26,385)	$—	— %	$26,385	100.0 %

During the year ended December 31, 2012, we recorded a $26.4 million loss on early extinguishment of debt in connection with a redemption and repurchase of our $520.0 million previously outstanding senior secured notes.

Interest Expense, Net

	Year Ended December 31,			2014 over 2013		2013 over 2012	
(in thousands)	2014	2013	2012	$ Change	% Change	$ Change	% Change
Interest expense	$78,487	$78,883	$48,133	$(396)	(0.5)%	$30,750	63.9 %
Interest income	(819)	(507)	(846)	(312)	61.5	339	(40.1)
Interest expense, net	$77,668	$78,376	$47,287	$(708)	(0.9)%	$31,089	65.7 %

Interest expense primarily represents interest accrued on our $800.0 million of 5.25% senior unsecured notes issued in July 2012 and $600.0 million of 5.125% senior unsecured notes issued in December 2012. The increase in interest expense in 2013 as compared to 2012 was due to greater outstanding debt in 2013 as compared to 2012. During 2012, we used proceeds from the issuance in July 2012 of senior unsecured notes to redeem our $520 million of previously outstanding 7.625% senior secured notes. The transactions resulted in an additional principal amount of notes outstanding during 2012 than for the comparable prior period, but at a more favorable interest rate.

Provision (Benefit) for Income Taxes

Our effective tax rates for fiscal years 2014, 2013 and 2012 were 173.5%, 33.6% and (1.5)%, respectively. Excluding impacts related to the $123.4 million goodwill impairment charge, our effective tax rate for 2014 was 40.6%. Our effective tax rate is impacted in any given year by the amount of earnings allocated between the US and Canada, non-deductible tax items including meals and entertainment, certain stock compensation expenses, penalties, and other items. The effective tax rate is also affected by discrete items that may occur in any given year, but are not consistent from year to year including the impact of uncertain tax positions and transaction costs. The following items had the most significant impact on the differences in our effective tax rate and in our U.S. federal income tax rate:

2014

- A $44.3 million (114.9%) tax benefit that was not recorded as a result of the $123.4 million goodwill impairment charge.