CLEAN HARBORS INC
Form DEF 14A
April 16, 2003

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

# Clean Harbors

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 15, 2003

Corporate Headquarters

1501 Washington Street

Braintree, Massachusetts 02185

Tel. 781-849-1800

To Our Fellow Stockholders:

On behalf of the Board of Directors, it is my pleasure to invite you to attend the 2003 Annual Meeting of Stockholders, to be held on Thursday, May 15, 2003 in Boston, Massachusetts.

Information about the Annual Meeting is presented on the following pages. In addition to the formal items of business, the meeting will include a report by members of management on Company operations. You will have an opportunity to ask questions of our management team if you attend the meeting in person.

Your vote is important. You can be sure your shares are represented at the meeting by completing, signing, and returning your proxy form in the enclosed envelope, even if you plan to attend the meeting. Sending in your proxy will not prevent you from voting in person at the meeting should you wish to do so.

Thank you for your continued support of Clean Harbors. We look forward to seeing those stockholders who are able to attend the Annual Meeting on May 15.

Sincerely,

Alan S. McKim

Chairman of the Board

**CLEAN HARBORS, INC.**

**1501 Washington Street**

**Braintree, Massachusetts 02185**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

Notice is hereby given that the Annual Meeting of Stockholders of Clean Harbors, Inc. (the Company ), will be held at 9:00 a.m., local time, on Thursday, May 15, 2003 at Le Meridien Hotel, 250 Franklin Street, Boston, Massachusetts, for the following purposes:

1. To elect two (2) Class II members of the Board of Directors of the Company to serve until the 2006 Annual Meeting of Stockholders and until their respective successors are duly elected;

2. To consider and act upon such other business as may properly come before the meeting and any adjournment thereof.

Stockholders of record at the close of business on April 7, 2003 will be entitled to notice and to vote at the meeting.

You are cordially invited to attend the meeting. Whether or not you plan to attend the meeting in person, please date, sign and mail your proxy in the enclosed envelope to ensure that your shares will be represented at the meeting.

By order of the Board of Directors

C. Michael Malm, Clerk

April 15, 2003

Boston, Massachusetts

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED.**

# CLEAN HARBORS, INC.

**1501 Washington Street**

**Braintree, MA 02185**

## PROXY STATEMENT

This Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders are being furnished in connection with the solicitation of proxies by the Board of Directors of Clean Harbors, Inc., a Massachusetts corporation (the Company ), for use at the Annual Meeting of Stockholders of the Company to be held at Le Meridien Hotel, 250 Franklin Street in Boston, Massachusetts, on May 15, 2003, commencing at 9:00 a.m., local time, and any adjournment thereof.

## PROXY SOLICITATION

Proxies in the accompanying form properly executed and received prior to the meeting and not revoked, will be voted as specified or, if no instructions are given, will be voted in favor of the proposal described herein. Proxies may be revoked at any time prior to the meeting by written notice given to the Clerk of the Company. The cost of this solicitation shall be borne by the Company. Solicitations of proxies by telephone or in person may be made by the Company s directors, officers or other employees, but any such solicitation will be carried on during working hours and for no additional cost, other than the time expended and telephone charges in making such solicitation. This Proxy Statement and the accompanying proxy form are scheduled to be mailed to stockholders beginning on April 17, 2003.

## INFORMATION AS TO VOTING SECURITIES

The holders of the Company s Common Stock, $.01 par value ( Common Stock ), and Series B Convertible Preferred Stock, $.01 par value ( Series B Preferred Stock ), vote as a single class with respect to the election of directors and most other matters. Each issued and outstanding share of the Company s Common Stock and Series B Preferred Stock is entitled to one vote. Only stockholders of record at the close of business on April 7, 2003 will be entitled to vote at the meeting. On April 7, 2003, there were 13,403,650 shares of Common Stock and 112,000 shares of Series B Preferred Stock outstanding and entitled to vote. Votes cast by proxy or in person at the Annual Meeting will be counted by persons appointed by the Company to act as election inspectors for the meeting.

The sole matter proposed to be considered at the Annual Meeting is the election of two Class II directors. The election of the Class II directors will require the affirmative vote of the holders of a plurality of the total shares of Common Stock and Series B Preferred Stock represented at the meeting. Votes withheld from any nominee for election as a director, abstentions, and broker non-votes are counted as present or represented for purposes of determining the presence of a quorum for the meeting. Therefore, votes withheld from any nominee for director will have the effect of against votes. Broker non-votes occur when a nominee holding shares for a beneficial owner votes on one proposal, but does not vote on another proposal because the nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

Usually, this would occur when brokers holding stock in street name have not received any instructions from clients, in which case the brokers (as holders of record) are permitted to vote on routine proposals but not on non-routine matters. The election of directors is considered a routine matter.

In addition to the shares of Common Stock and Series B Preferred Stock outstanding on April 7, 2003, there were then outstanding 25,000 shares of Series C Convertible Preferred Stock, $.01 par value ( Series C Preferred Stock ). However, under the rules of The Nasdaq Stock Market ( NASDAQ ), the Series C Preferred Stock will not be voting at the Annual Meeting on the election of the two Class II directors, which is the sole matter proposed to be considered at the meeting.

## DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

| Name | Age | Position |
|---|---|---|
| Alan S. McKim | 48 | Chairman of the Board of Directors, President and Chief Executive Officer |
| John P. DeVillars | 54 | Director |
| John F. Kaslow | 70 | Director |
| Daniel J. McCarthy | 71 | Director |
| John T. Preston | 53 | Director |
| Thomas J. Shields | 56 | Director |
| Lorne R. Waxlax | 69 | Director |
| Guy R. Adam | 52 | Vice President, Canadian Operations** |
| Eugene A. Cookson, Jr | 45 | President, Site Services* |
| Jerry E. Correll | 53 | Senior Vice President, Sales and Marketing * |
| George L. Curtis | 44 | Vice President, Transportation & Disposal Services * |
| William J. Geary | 55 | Executive Vice President and General Counsel * |
| Eric W. Gerstenberg | 34 | Senior Vice President, US Disposal Operations * |
| Roger A. Koenecke | 54 | Senior Vice President and Chief Financial Officer |
| Stephen H. Moynihan | 47 | Senior Vice President Planning & Development |
| William F. O Connor | 53 | Senior Vice President of Risk Management |
| David M. Parry | 37 | Senior Vice President, Technical Services * |
| Carl D. Paschetag, Jr. | 43 | Vice President, Treasurer and Controller |
| Michael A. Quinn | 40 | Senior Vice President, Human Resources* |
| Michael J. Twohig | 40 | Senior Vice President, Administration & E-Business* |
| Brian P. Weber | 35 | Senior Vice President, Central Services* |

* Officer of Clean Harbors Environmental Services, Inc., a wholly-owned subsidiary of the parent holding company, Clean Harbors, Inc.
** Officer of Clean Harbors Canada, Inc., a wholly-owned subsidiary of the parent holding company, Clean Harbors, Inc.

Alan S. McKim founded the Company in 1980 and is Chairman of the Board of Directors, President, and Chief Executive Officer of the Company. He serves as a director of most of the Company s subsidiaries. Mr. McKim holds an MBA from Northeastern University. He has been a director of the Company since its formation. His current term as a Class I director expires in 2005.

John P. DeVillars is currently Managing Partner of BlueWave Strategies, LLC and BlueWave Capital, LLC, strategic advisory and merchant banking enterprises providing consulting and financial advisory services to environmental and renewable energy companies. From 2000 to 2003 Mr. DeVillars served as Executive Vice President of Brownfields Recovery Corporation, a privately owned company engaged in remediating, financing, and redeveloping environmentally impacted properties. From 1994 through 2000 Mr. DeVillars served as the New England Administrator for the U.S. Environmental Protection Agency. From 1991 to 1994, he was a Director of Environmental Advisory Services with Coopers & Lybrand, and from 1988 to 1991, he served as Secretary of Environmental Affairs for the Commonwealth of Massachusetts and Chairman of the Board of the Massachusetts Water Resources Authority. Mr. DeVillars holds a Masters in Public Administration from Harvard University and a Bachelor of Arts from the University of Pennsylvania and is a Visiting Lecturer in Environmental Policy at the Massachusetts Institute of Technology. He has served as a Director of the Company since 2001. His current term as a Class III director expires in 2004.

John F. Kaslow is the retired Executive Vice President and Chief Operating Officer of New England Electric System (NEES). He also served as President of the NEES subsidiary, New England Power Company, and was a director of both companies. Following his retirement from NEES in 1990, he served as an Executive Advisor to the Electric Power Research Institute until 1998, and as an electric industry consultant. Mr. Kaslow is a director of the Doble Engineering Company and is a former director of the New England Council and Merrimack College. Mr. Kaslow holds a B.S. degree from the University of Massachusetts, Lowell, and is a graduate of the Advanced Management Program of the Harvard Business School. He has served as a director of the Company since 1991. His current term as a Class I director expires in 2005.

Daniel J. McCarthy has been a Professor of Strategic Management at Northeastern University since 1972, prior to which he was President of Computer Environments Corporation, a computer services company. In the past, he served on five boards, most recently at Tufts Associated Health Maintenance Organization, as a member of its Audit Committee and as Chairman of its Investment Committee. Mr. McCarthy also served as director and member of the Audit and Compensation Committees of MANAGEDCOMP, Inc. Mr. McCarthy holds an AB and MBA degree from Dartmouth College and a DBA degree from Harvard Business School. He has served as a director of the Company since 1987. His current term as a Class III director expires in 2004.

John T. Preston is President and Chief Executive Officer of Atomic Ordered Materials and serves on the boards of several private companies. From 1992 through 1995, he served as Director of Technology Development at the Massachusetts Institute of Technology. From 1986 to 1992 he was Director of the M.I.T. Technology Licensing Office. He holds an MBA from Northwestern University and a BS in Physics from the University of Wisconsin. Prior to joining the Board of the Company, Mr. Preston served on the board of Clean Harbors Technology Corporation. He has served as a director of the Company since 1995. His current term as a Class II director expires this year, and he is standing for reelection for a three-year term.

Thomas J. Shields is Managing Director of Shields & Company, Inc., an investment-banking firm that he co-founded in 1991. He is currently a director of B.J. s Wholesale Club, Inc. Mr. Shields is a graduate of Harvard College and Harvard Business School. He has served as a director of the Company since 1999. His current term as a Class I director expires in 2005.

Lorne R. Waxlax served as Executive Vice President of The Gillette Company from 1985 to 1993, with worldwide responsibility for Braun AG, Oral-B Laboratories and Jafra Cosmetics International. He is currently a director of B.J. s Wholesale Club, Inc., and HON Industries Inc. Mr. Waxlax holds a BBA degree from the University of Minnesota and an MBA degree from Northwestern University. He has served as a director of the Company since 1994. His current term as a Class II director expires this year, and he is standing for reelection for a three-year term.

Guy R. Adam is Vice President of Canadian Operations. Mr. Adam joined the Company in 2002. From 1980 to 2002, Mr. Adam held a variety of waste management operation positions with Safety-Kleen Corp. and predecessor companies including Facility Manager, Regional Director and Vice President for Eastern Canada. From 1974 to 1980, Mr. Adam held various process engineering and management positions for the ICI group of companies in Canada. Mr. Adam holds a Chemical Engineering Degree and a Management Diploma from the University of Montréal.

Eugene A. Cookson, Jr. is President of the Site Services business unit. Mr. Cookson rejoined the Company in 1998 as Senior Vice President, Field Services & Operations. From 1996 to 1998, Mr. Cookson was the Vice President of Operations of The Flatley Group, a privately owned real estate management company, and he was in charge of major accounts at the Gartner Group. From 1991 to 1996, Mr. Cookson held a variety of management positions with the Company including Director of Sales, Director of the CleanPack Product Line and Field Services General Manager. Mr. Cookson holds a Masters Degree in Civil Environmental Engineering from Northeastern University.

Jerry E. Correll is Senior Vice President of Sales and Marketing. Mr. Correll joined the Company with the acquisition of Safety-Kleen s Chemical Services Division in 2002. Prior to that Mr. Correll served as Senior Vice President of Sales and as Vice President of Corporate Accounts at Safety-Kleen Corp. from 1999 to 2002 and was Regional Vice President of Laidlaw Environmental Services from 1995 to 1999. Mr. Correll holds a Bachelor of Sciences Degree from the University of Tennessee and a Doctor of Jurisprudence Degree from the Nashville School of Law.

George L. Curtis is Vice President, Transportation and Disposal Services. Mr. Curtis joined the Company in 1980, and he has served in a variety of management positions the most recent of which were Vice President of Marketing and Vice President of Business Development. Mr. Curtis holds an MBA from Northeastern University and a Bachelor of Arts in Biology from Columbia University.

William J. Geary is Executive Vice President and General Counsel of the Company. He joined the Company in 1989 and he has served as Vice President of Government Relations and as Special Counsel for the Company. Prior to joining the Company, Mr. Geary served in various senior positions in Massachusetts state government. Mr. Geary holds a Bachelor s Degree from the University of Massachusetts at Boston, a Masters Degree in Government and Management from Northeastern University, and a J.D. from Suffolk University Law School. He was awarded a Loeb Fellowship in Advanced Environmental Studies at Harvard University. Mr. Geary is admitted to the Bar in Massachusetts and the District of Columbia as well as the Bar of the United States Supreme Court.

Eric W. Gerstenberg is Senior Vice President, US Disposal Operations. Mr. Gerstenberg rejoined the Company in June 1999 as Vice President of Disposal Services of Clean Harbors Environmental Services, Inc. From 1997 to 1999, Mr. Gerstenberg was the Vice President of Operations for Pollution Control Industries, a privately owned environmental services company. From 1989 to 1997, Mr. Gerstenberg held a variety of positions with the Company including General Manager of the Natick, Baltimore and Chicago facilities. Mr. Gerstenberg holds a Bachelor of Science degree in Engineering from Syracuse University.

Roger A. Koenecke joined the Company as Senior Vice President and Chief Financial Officer in 1998. From 1982 through 1997, Mr. Koenecke held a variety of management positions, including Senior Vice President and Chief Financial Officer, with Millbrook Distribution Services, Inc. and its predecessor corporations, which are engaged in the distribution of health and beauty care, general merchandise, and specialty food products. Prior to that, he was an Audit Manager with Price Waterhouse & Co., an international accounting firm. Mr. Koenecke holds a BS in Chemistry and MBA from the University of Wisconsin.

Stephen H. Moynihan has served as an officer of either the Company and one or more of its subsidiaries since 1987. In 1996, he was appointed Senior Vice President Planning and Development, prior to which he served as Vice President and Treasurer. Mr. Moynihan served as Vice President of Strategic Planning of Clean Harbors Environmental Services from 1990 until 1995. Prior to joining Clean Harbors, Mr. Moynihan was Audit Manager for Gerald T. Reilly and Company, a public accounting firm. Mr. Moynihan holds a BS degree in Accounting from Bentley College.

William F. O Connor has served as Senior Vice President of Risk Management, after rejoining the Company in December 2002. Previously, Mr. O Connor was Vice President of William Gallagher and Associates, an insurance broker that he joined in April of 2000. From 1989 to 2000 Mr. O Connor held a variety of roles at the Company, the last being as Vice President of Human Resources and Risk Management.

David M. Parry is Senior Vice President, Technical Services. Mr. Parry joined the Company in 1988 and he has served in a variety of management positions including Senior Vice President of Eastern Operations. He has also previously held the positions of Regional Vice President, Northeast Region, District Sales Manager, Regional Manager of CleanPack® and T&D Services, Plant Manager and CleanPack Chemist. Mr. Parry holds a Bachelor of Science degree from the Massachusetts Maritime Academy.

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Carl D. Paschetag, Jr. joined the Company as Vice President, Treasurer and Controller in 1997. He also serves as Vice President and Treasurer of most of the Company s subsidiaries. From 1994 through 1997, Mr. Paschetag was the Controller of Cambridge Energy Research Associates, a privately owned international management consulting company. From 1987 through 1994, Mr. Paschetag held a variety of management positions with Draka Holdings B.V., a publicly held company traded on the Amsterdam Exchange. Prior to that, Mr. Paschetag worked for KPMG Peat Marwick, an international accounting firm. He holds a BBA in Accounting from The University of Texas.

Michael A. Quinn is Senior Vice President, Human Resources, joining the Company in July 2002. Previously, Mr. Quinn was Vice President, Organizational Effectiveness with Modus Media International, a privately held global supply chain management firm he joined in 1999. From 1996 through 1999, Mr. Quinn was Vice President, Human Resources for a $750 million division of Invensys plc, and their predecessor, BTR plc, both global engineered products and services companies. Mr. Quinn also served in multiple operations and human resources positions in the paper recycling and educational products industries, and as an officer and aviator in the United States Army. His education includes a bachelor degree from the University System of New Hampshire, a MS in Applied Management from Lesley College, and a M.Ed. in Human Resource Education from Boston University.

Michael J. Twohig is Senior Vice President of Administration & E-Business. Mr. Twohig joined the company in 1999 and has served in a variety of management positions the most recent of which was the Vice President of Strategic Initiatives. From 1996 to 1999 he served a Vice President of Business Operations for Internet Commerce Expo, an International Data Group company. Prior to that he was the Controller for Tocco Corporation, a Building Systems company. Mr. Twohig holds an MBA from Rivier College and a Bachelor of Science degree in Accounting from Boston College.

Brian P. Weber is Senior Vice President, Central Services. Mr. Weber joined the Company in 1990. He has served in a variety of management positions with the Company including, prior to his current position, Vice President of CleanPack Services, and Vice President, Technical Services. Mr. Weber holds a BS degree in Business Management from Westfield State College.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below describes the beneficial ownership of the Company s Common Stock as of April 7, 2003, by (i) each of the Company s directors and the five executive officers who were the most highly compensated during the most recently completed fiscal year, and (ii) all of the Company s current directors and executive officers as a group. SEC Rule 13d-3 under the Securities Exchange Act of 1934 defines beneficial ownership to mean the right to vote or exercise investment power, or to share in the right to vote or exercise investment power, with respect to the specified securities, whether or not the specified person has any economic interest in the specified securities. No director or executive officer beneficially owns any Series B Preferred Stock. Except as otherwise indicated below, the named owner has sole voting and investment power with respect to the specified shares.

| Name of Beneficial Owner | Amount and Nature of Beneficial Ownership (1) | Percent of Class |
|---|---|---|
| Alan S. McKim | 4,250,762(2) | 31.7% |
| John P. DeVillars | 5,000 | * |
| John F. Kaslow | 18,300(3) | * |
| Daniel J. McCarthy | 17,200(4) | * |
| John T. Preston | 19,000 | * |
| Thomas J. Shields | 17,250 | * |
| Lorne R. Waxlax | 82,200(5) | * |
| Gene A. Cookson | 31,643 | * |
| William J. Geary | 19,169 | * |
| Roger A. Koenecke | 47,862 | * |
| David M. Parry | 16,935 | * |
| All current directors and executive officers as a group (21 persons) | 4,740,901 | 34.7% |

* Less than 1%

(1) Beneficial ownership has been determined in accordance with Securities and Exchange Commission regulations and includes in the numerator and denominator used for the calculation of certain of the percents of total outstanding, as appropriate, the following number of shares of the Company s Common Stock which may be acquired under stock options which are exercisable within 60 days of April 7, 2003: Mr. DeVillars (4,000 shares), Mr. Kaslow (17,000 shares), Mr. McCarthy (7,000 shares), Mr. Preston (16,000 shares), Mr. Shields (16,750 shares), Mr. Waxlax (16,000 shares), Mr. Cookson (20,000 shares), Mr. Geary (13,700 shares), Mr. Koenecke (40,000 shares), Mr. Parry (16,935 shares), and all current directors and executive officers as a group (269,729 shares).

(2) Includes 200,000 shares subject to a three-year variable forward prepaid agreement dated December 31, 2002 between Mr. McKim and CSFB Cayman International, LDC as to which Mr. McKim retains sole voting power during the period of the agreement.

(3) Includes 1,000 shares held in a living trust for Mr. Kaslow s benefit and 300 shares held in a living trust for the benefit of his wife as to which Mr. Kaslow shares voting and investment power.

(4) Includes 200 shares owned by Mr. McCarthy s son as to which Mr. McCarthy shares voting and investment power.

(5) Includes 63,200 shares held in a living trust for Mr. Waxlax s benefit and 3,000 shares owned by Mr. Waxlax s son as to which Mr. Waxlax shares voting and investment power.

To the Company s knowledge, as of April 7, 2003, no person or entity beneficially owned (as that term is defined by the Securities and Exchange Commission) 5% or more of the total of 13,403,650 shares of Common Stock or 112,000 shares of Series B Preferred Stock then outstanding, except as shown in the following table. Except as otherwise indicated below, the Company understands that the named person or entity has sole voting and investment power with respect to the specified shares. The holders of the Company s Common Stock and Series B Preferred Stock vote as a single class with respect to the election of directors and most other matters. In addition to the shares of Common Stock and Series B Preferred Stock outstanding on April 7, 2003, there were then outstanding 25,000 shares of Series C Preferred Stock. However, under the rules of NASDAQ, the Series C Preferred Stock will not be voting at the Annual Meeting on the election of two Class II directors (which is the sole matter proposed to be considered at the meeting) and therefore the following table does not describe beneficial ownership of such shares.

| Name and Address | Number of Shares | Percent and Class of Stock |
|---|---|---|
| Alan S. McKim<br>Clean Harbors, Inc.<br>1501 Washington St.<br>Braintree, MA 02184 | 4,250,762(1)(2) | 31.7% Common Stock |
| John Hancock Life Insurance Company<br>200 Clarendon Street<br>Boston, MA 02117 | 954,207(3) | 7.1% Common Stock |
| Caxton Associates<br>Princeton Plaza, Building 2<br>731 Alexander Road<br>Princeton, NJ 08540 | 787,560(4) | 5.9% Common Stock |
| Grandview Capital Management, LLC<br>820 Manhattan Avenue<br>Suite 200<br>Manhattan Beach, CA 90266 | 52,876 | 47.2% Series B Preferred Stock |
| Mellon Guarantee Trust Company,<br>as Investment Advisor and Agent for the<br>Alfred P. Sloan Foundation<br>Church Street Station<br>New York, NY 10008 | 42,000 | 37.5% Series B Preferred Stock |
| Bankers Trust Company<br>P.O. Box 704<br>Bowling Green Station<br>New York, NY 100084 | 15,000 | 13.4% Series B Preferred Stock |

(1)

Includes 200,000 shares subject to a three-year variable forward prepaid agreement dated December 31, 2002 between Mr. McKim and CSFB Cayman International, LDC as to which Mr. McKim retains sole voting power during the period of the agreement.

(2) Under a voting agreement dated as of September 6, 2002, Alan S. McKim (who owns 4,250,762 shares of Common Stock), the Trustees of the Alan S. McKim Children s Trust (which owns 45,000 shares of Common Stock), and Stephen H. Moynihan (a senior vice president of the Company who owns 100,500 shares of Common Stock) have agreed that certain employees of the Investors which own the 25,000 outstanding shares of Series C Preferred Stock may vote their shares of Common Stock at meetings of the Company s stockholders solely with respect to matters affecting the Series C Preferred Stock and not with respect to the election of directors or any other general corporate matters. Such Voting Agreement will expire upon the conversion or redemption of the 25,000 outstanding shares of Series C Preferred Stock.

(3) Includes shares held by John Hancock Life Insurance Company ( John Hancock ), its subsidiaries and funds for which John Hancock serves as investment manager.

(4) Based upon the Schedule 13G dated February 14, 2003, filed with the Company, Caxton Associates is deemed to have beneficial ownership of 787,560 shares, all of which are held by investment entities for which Caxton Associates serves as a trading advisor or manager. As the chairman of Caxton Associates and the sole shareholder of Caxton Corporation, Mr. Bruce Kovner may also be deemed beneficially to own the shares held by Caxton accounts.

**ELECTION OF DIRECTORS**

**(Item 1 on Proxy Form)**

The Board of Directors of the Company is currently composed of seven directors classified into three classes. There are three Class I Directors, and two Class II and Class III Directors. One class of directors is elected each year for a term of three years. The term of the Class II Directors, John T. Preston and Lorne R. Waxlax shall expire at the 2003 Annual Meeting. The Board of Directors has nominated Messrs. Preston and Waxlax to continue to serve as Class II Directors.

**Unless otherwise specified therein, shares represented by the enclosed proxy will be voted at the Annual Meeting to elect John T. Preston and Lorne R. Waxlax as Class II directors of the Company for a three-year term, until the 2006 Annual Meeting of Stockholders and until their respective successors shall be duly elected. In the event that one or more of the nominees is unable to stand for election (which event is not now contemplated), the holders of the enclosed proxy will vote for the election of a nominee or nominees acceptable to the remaining members of the Company s Board of Directors.**

**The Board of Directors recommends that stockholders vote FOR the proposal to elect Messrs. Preston and Waxlax as directors.**

**Compensation of Directors**

According to the Company s 2000 Stock Incentive Plan approved by stockholders at the 2000 Annual Meeting, each director who is not an employee of the Company receives upon election to the Board a grant of a five-year, non-qualified stock option to purchase that number of shares of the Company s Common Stock determined by multiplying 2,000 by the number of years or fraction thereof for which the director shall be elected, at the market price of the Common Stock on the date of election, vesting immediately as to the first 2,000 shares of any award and as to an additional 2,000 shares on each anniversary of the date of election. Awards to directors appointed to fill a vacancy on the Board for less than one year are prorated. During 2002, upon the election as directors to serve for a term of three years, Messrs. Kaslow and Shields, the only non-employees elected as a director during such year, received options for 6,000 shares at the market price of $10.75 per share.

The Company s policy during 2002 was to pay each director who is not an employee an annual retainer fee of $20,000 plus $1,000 for each board meeting attended, $750 for each committee meeting attended and $500 for meetings conducted by telephone conference call. The Company also pays outside directors who are members of committees of the Board $1,000 for membership on a committee and an additional $2,500 for serving as chairman of a committee. Directors are reimbursed for expenses incurred in connection with service on the Board. Total fees paid to outside directors in 2002 were as follows: Mr. DeVillars $38,250, Mr. Kaslow $52,250, Mr. McCarthy $50,750, Mr. Preston $39,750, Mr. Shields $39,750, and Mr. Waxlax $48,500. In February 2003, the Board voted, upon the recommendation of the Corporate Governance Committee, to pay each of the members of the Audit Committee other than the Chairman, a one-time payment of $5,000 and to pay the Chairman $10,000 as compensation for the considerable amount of extra time and effort during 2002 involved in compliance with the provisions of the Sarbanes-Oxley Act and the new rules of NASDAQ.

**Board Committees and Meetings**

During 2002, the Board of Directors held 12 meetings, seven of which were held by conference call.

The Board of Directors has established an Audit Committee consisting of members of the Board of Directors who are not employed by the Company. During 2002, Messrs. DeVillars, Kaslow, Preston and Shields served on the Audit Committee. The primary functions of the Audit Committee are to recommend the selection of independent public accountants, to review the scope of and approach to audit work, and to meet with and review the activities of the Company s internal accountants and the independent public accountants. During 2002, there were eight meetings of the Audit Committee, of which four were held by conference call. The Board of Directors has established a Compensation and Stock Option Committee. During 2002, the Compensation and Stock Option Committee consisted of three non-employee directors: Messrs. Kaslow, McCarthy and Waxlax. During 2002, there were six meetings of the Compensation and Stock Option Committee, none of which were held by conference call. The Board of Directors has also established a Corporate Governance Committee consisting of three directors: Messrs. Waxlax, McKim and McCarthy. The Corporate Governance Committee serves as the nominating committee of the Board. This committee met three times in 2002.

During 2002, all directors attended at least 75 percent of the meetings of the Board and the committees of which they were members.

**Compensation Committee Report**

The Compensation and Stock Option Committee of the Board of Directors (the Committee ), consists of three outside directors whose responsibilities include the recommendation to the full Board of Directors of a compensation package for the Chief Executive Officer; review and approval of other senior executive officer compensation; review and approval of corporate management compensation policies; and management of the Company s stock option and equity incentive plans.

**Executive Compensation**

The fundamental philosophy of the Committee regarding executive compensation is to offer competitive compensation opportunities and to align individual compensation with the goals, values and priorities of the Company. Compensation for executive officers currently consists of three basic elements: base compensation and benefits, salary at-risk , and awards of long-term equity incentives through non-qualified stock options. In addition, in 1998 the Company instituted an Executive Retention Plan in order to help retain certain key employees.

Base compensation and benefits for 2002 were determined based upon a current analysis and previous studies of comparable industry groups. Bonuses for the Chief Executive Officer and the Chief Operating Officer were to be based on the attainment of specific objectives. For other senior managers, the Committee approved two incentive compensation plans for 2002. The Company s 2002 Management Incentive Program ( MIP ) covered 68 management positions. Under the MIP, an individual could earn a bonus based upon Company-wide success in meeting management s goals, based upon thresholds of achievements of earnings before interest, taxes, depreciation and amortization ( EBITDA ), and certain individuals were eligible to receive an additional bonus based on achieving specific personal goals and objectives. Bonuses were paid under the MIP for the first half of the year based upon EBITDA achieved by the Company. As a result of the Company s acquisition in September 2002 of the assets of the Chemical Services Division of Safety-Kleen Corp. (the CSD ), the MIP targets had to be adjusted for the second half of the year. Although the Company failed to achieve its new minimum EBITDA target for the second half of the year, the Compensation Committee believed that the failure to meet the higher minimum target was largely the result of the extraordinary efforts involved in the acquisition process and authorized payment of certain second-half bonuses. Payments under the MIP and the second-half bonuses for 2002 totaled $639,000, and payments to individual participants ranged from $242 to $25,000.

The final element of compensation for executives is long-term equity incentives through grants of non-qualified stock option awards. Awards are designed to align the interests of executives with those of stockholders of the Company and to encourage long-term retention of executives through periodic vesting. Awards were made during 2002 at current market prices, and most options vest as to 20% at the end of each successive year of service. During 2002, options were awarded to 13 employees of the Company and to one advisor to the Company. Individual awards ranged from 1,800 to 30,000 shares based upon the individual s position and ability to positively impact Company results, adjusted according to his or her performance rating. The Chief Executive Officer, Alan S. McKim, did not receive any options during 2002, nor during any previous year.

In 1998, the Company instituted an Executive Retention Plan (the Retention Plan ), which currently covers 15 members of senior management. The Retention Plan provides for severance payments for terminations other than for cause in exchange for one-year non-competition agreements. For terminations other than for cause and not related to a change in control, the Retention Plan calls for the payment of up to one year of base salary at the rate in effect at the time of termination of employment, payable periodically in accordance with the Company s normal executive salary payment polices, plus up to one year of continued medical, dental, life insurance and other benefits, if any, available to the executive at the time of his or her termination of employment.

Under the Retention Plan, in the event of a Change in Control (as defined in the Plan), the executive will receive severance benefits equal to one year s base salary and benefits if his or her employment with the Company is terminated for any reason within 30 days after a Change in Control. Also, an executive shall be entitled to receive the same severance benefits if the executive does not receive a position equal to the position that the executive held prior to the Change in Control or if the primary work location is not within 30 miles of such location prior to the Change in Control. If the executive accepts a position with the successor corporation after the Change in Control, and, within two years of the Change in Control, the executive s position changes so as not to be equal to his or her position prior to the Change in Control, then the executive shall be entitled to the same severance benefits. Under the Retention Plan, one year s base salary is payable within 30 days after termination of employment relating to a Change in Control.

**Chief Executive Officer Compensation**

During 2002, base compensation of the Chief Executive Officer, Alan S. McKim, was $450,000. Mr. McKim s incentive compensation for 2002 was to be based upon the Company s achievement of a base line EBITDA goal, improvement of health and safety, reduction of debt, completion of a management information system project, improvement of the collection of receivables, and completion of the CSD acquisition on terms in the best interests of the Company. Although most of these goals were either met or exceeded, Mr. McKim recommended to the Committee that it not award a bonus to him for 2002 because of the low payments to management under the MIP and the Committee therefore did not award any such bonus to Mr. McKim for 2002.

**Compliance with Internal Revenue Code Section 162(m)**

Section 162(m) of the Internal Revenue Code, enacted in 1993, generally disallows a tax deduction to publicly held companies for compensation paid to certain executive officers, to the extent that annual compensation paid to any officer exceeds $1 million. Compensation paid to the Company s executive officers during the 2002 fiscal year did not exceed the $1 million individual limit. Should the individual compensation of any executive officer approach the $1 million level, the Compensation Committee would attempt to minimize the impact of Code Section 162(m) on the Company.

Members of the Committee

Daniel J. McCarthy, Chairman

John F. Kaslow

Lorne R. Waxlax

**Compensation of Executive Officers**

The following table sets forth compensation information for the Chief Executive Officer and the four other most highly compensated executive officers of the Company and its subsidiaries that were serving as executive officers at the end of 2002.

**Summary Compensation Table**

| | Annual Compensation | | | | Long-Term Compensation (1) | | |
|---|---|---|---|---|---|---|---|
| | | | | | Awards | Payouts | |
| **Name and Principal Position** | **Year** | **Salary** | **Bonus** | **Other** | **Securities Underlying Options Granted (shares)** | | **All Other Compensation(2)** |
| Alan S. McKim | 2002 | $ 450,000 | | | | | |
| Chairman of the Board, | 2001 | 300,000 | | | | | |
| President and Chief Executive Officer | 2000 | 300,000 | | | | | |