

CAPITAL PROPERTIES INC /RI/

Form PRER14A

September 24, 2008

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**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
(Amendment No. 1)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

CAPITAL PROPERTIES, INC.

(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):

No fee required.

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

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:

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[], 2008

Dear Shareholder:

You are cordially invited to attend a special meeting of the shareholders of Capital Properties, Inc. to be held at the offices of Hinckley, Allen & Snyder LLP, 50 Kennedy Plaza, Suite 1500, Providence, Rhode Island 02903, on Thursday, November 13, 2008 at 10:00 a.m.

The official Notice of Special Meeting, Proxy Statement and Proxy are included with this letter. At the meeting, you will be asked to consider and vote upon proposals to amend the Company's Articles of Incorporation to (i) authorize a seventy-five to one (75-1) reverse stock split of the Company's common stock, with a cash payment per share for resulting fractional shares equal to \$25.00, and (ii) create a new class of common stock to be designated Class B Common Stock, \$0.01 par value per share. The reverse stock split is proposed to take the Company private and terminate the Company's reporting obligations under the Securities Exchange Act of 1934, as amended.

On June 25, 2008, the Board of Directors formed a Special Committee consisting only of independent directors to consider and evaluate the reverse stock split, including its fairness to those unaffiliated shareholders who will receive cash payment for their fractional shares, and those unaffiliated shareholders who will continue as shareholders. Each member of the Special Committee is independent under applicable Federal securities laws and the rules of the American Stock Exchange. The Company has received a fairness opinion from McFarland Dewey & Co., LLC, its independent financial advisor, indicating that the cash payment of \$25.00 per fractional share to be received by the unaffiliated shareholders of the Company, which consists of those whose fractional shares would be paid for in cash from the Company as part of the Reverse Stock Split, is fair, from a financial point of view, to such shareholders.

For the protection of all continuing shareholders, the Company will maintain certain important corporate governance measures and other protections following the proposed going private transaction, which are described in more detail in the attached Proxy Statement. In short, these measures will include making publicly available to its continuing shareholders annual audited and quarterly unaudited financial statements, and, on an annual basis, providing disclosure in accordance with applicable Securities and Exchange Commission rules for smaller reporting companies regarding the Company's executive compensation, the names of holders of 5% or more of the Company's capital stock, ownership of the Company's capital stock by directors and executive officers and dividend history. The Company will also maintain a majority of independent directors and an independent audit committee of the Board of Directors. These protections will be maintained for a minimum of five years; provided that there are unaffiliated continuing shareholders during that time.

After careful consideration, the Special Committee and the Board of Directors concluded that the reverse stock split is advisable and in the best interests of the Company and its shareholders, including its unaffiliated shareholders who would be cashed-out in the reverse stock split and its unaffiliated shareholders who would continue as shareholders. The Board of Directors also recommends that the amendment to the Company's Articles of Incorporation to authorize the Class B Common Stock of the Company be approved.

The accompanying Proxy Statement explains the proposals to be considered and voted upon. Please read it carefully.

Regardless of whether or not you plan to attend the meeting, please sign and date the enclosed proxy card and return it in the enclosed postage paid envelope, so that your shares may be represented at the meeting. If you decide to attend the meeting, you may revoke your proxy and vote your shares in accordance with the procedures set forth in the Proxy Statement. If you are a shareholder whose shares are held by a broker or otherwise not registered in your name, you will need additional documentation from your record holder to attend and vote personally at the meeting.

Thank you for your consideration.

Very truly yours,

Robert H. Eder
Chairman, CEO & President

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**CAPITAL PROPERTIES, INC.
100 Dexter Road
East Providence, Rhode Island 02914**

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of Capital Properties, Inc., a Rhode Island corporation (the Company), will be held at the offices of Hinckley, Allen & Snyder LLP, 50 Kennedy Plaza, Suite 1500, Providence, Rhode Island 02903, **on Thursday, November 13, 2008, at 10:00 AM**, local time, to act upon the following:

1. To approve an amendment to the Company's Articles of Incorporation which will authorize a seventy-five to one (75-1) reverse stock split of the Company's common stock and a cash payment per share for resulting fractional shares equal to \$25.00 (the Reverse Stock Split).
2. To approve an amendment to the Company's Articles of Incorporation to create a new class of common stock of the Company to be designated Class B Common Stock, \$0.01 par value per share.
3. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof. We are not aware of any other items to be presented at the meeting.

Only shareholders of record as of the close of business on October 8, 2008, will be entitled to vote at the meeting.

By Order of the Board of Directors

Stephen J. Carlotti
Secretary

East Providence, Rhode Island
[], 2008

NEITHER OF THE TRANSACTIONS TO BE CONSIDERED AND ACTED UPON BY THE SHAREHOLDERS HAVE BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF THE TRANSACTIONS OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Please fill in, date and sign the enclosed proxy and promptly return it in the enclosed addressed envelope, which requires no postage if mailed in the United States. If you are personally present at the meeting, the proxy will not be used without your consent.

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PROXY STATEMENT

CAPITAL PROPERTIES, INC.

**SPECIAL MEETING OF SHAREHOLDERS
To Be Held Thursday, November 13, 2008**

The accompanying proxy is solicited by the Board of Directors of Capital Properties, Inc. (the Company, we, our, ours, and us), in connection with the special meeting of shareholders of the Company (the Meeting) to be held on Thursday, November 13, 2008, at the offices of Hinckley, Allen & Snyder LLP, 50 Kennedy Plaza, Suite 1500, Providence, Rhode Island 02903 at 10:00 a.m. local time. At the Meeting, shareholders will be asked to approve (1) an amendment to the Company's Articles of Incorporation (the Reverse Stock Split Amendment) which will authorize a seventy-five to one (75-1) reverse stock split of the Company's Common Stock, \$0.01 par value per share (the Common Stock), and a cash payment per share for resulting fractional shares equal to \$25.00 (the Reverse Stock Split); and (2) an amendment to the Company's Articles of Incorporation to create a new class of common stock of the Company to be designated Class B Common Stock, \$0.01 par value per share (Class B Stock Authorization). The Reverse Stock Split is proposed to take the Company private and suspend the Company's reporting obligations under the Securities Exchange Act of 1934, as amended. This proxy statement and the enclosed form of proxy are first being mailed on or about [], 2008 to shareholders of the Company entitled to vote.

PERSONS MAKING THE SOLICITATION

The accompanying proxy is being solicited on behalf of the Company's Board of Directors. In addition to mailing the proxy materials, solicitation may be made in person or by telephone by directors, officers or regular employees of the Company, none of whom will receive additional compensation in connection with such solicitation. The expense of the solicitation of proxies for the Meeting will be borne by the Company. The Company will request banks, brokers and other nominees to forward proxy materials to beneficial owners of the Common Stock held by them and will reimburse such banks, brokers and other nominees for their reasonable out-of-pocket expenses in doing so. Appendix C sets forth information relating to our directors, officers and employees who are considered participants in our solicitation under the rules of the Securities and Exchange Commission (SEC) by reason of their position or because they may be soliciting proxies on our behalf.

VOTING SECURITIES

Only shareholders of record at the close of business on October 8, 2008 (the Record Date), will be entitled to vote at the Meeting. Under the Company's Articles of Incorporation, as amended, each shareholder has one vote for every share of Common Stock owned. On the Record Date, there were 3,299,956 shares of Common Stock outstanding. There were no other outstanding securities of the Company entitled to vote.

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of the Common Stock will constitute a quorum for the transaction of business at the Meeting. Shares represented by proxies which are marked

abstain with respect to the Reverse Stock Split Amendment and Class B Stock Authorization, or to deny discretionary authority on any other matters will be counted as shares present and entitled to vote, and accordingly any such marking of a proxy will have the same effect as a vote against the

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proposal to which it relates. Brokers who hold shares in street name may lack authority to vote such shares on the Reverse Stock Split Amendment and Class B Stock Authorization, absent specific instructions from their customers. A broker non-vote is counted as present and entitled to vote at the Meeting and is, therefore, included for purposes of determining whether a quorum is present at the Meeting.

The affirmative vote of a majority of the outstanding shares of the Common Stock is required to approve the Reverse Stock Split Amendment and the Class B Stock Authorization. The affirmative vote of the holders of a majority of the outstanding shares of the Common Stock present in person or represented by proxy at the Meeting and entitled to vote is required to approve any other matter to be submitted to a vote of the shareholders at the Meeting. Abstentions are deemed to be votes cast, and have the same effect as a vote against these proposals. However, broker non-votes are not deemed to be votes cast, and therefore are not included in the tabulation of the voting results on these proposals. Any shareholder giving a proxy has the power to revoke it at any time prior to its exercise, but the revocation of a proxy will not be effective until notice thereof has been given to the Secretary of the Company. Notice of revocation may be delivered in writing to the Secretary prior to the meeting or may be transmitted orally to the Secretary at the meeting. Every properly signed proxy will be voted in accordance with the specifications made thereon.

This is a going-private transaction. Robert H. Eder, President, Chief Executive Officer and Chairman of the Board of Directors of the Company, along with his wife, Linda Eder, beneficially own in the aggregate 1,726,710 shares of the Common Stock or 52.3% of the outstanding shares of the Common Stock as of the date hereof. Mr. and Mrs. Eder will cause the shares owned or controlled by them to be voted in favor of the Reverse Stock Split Amendment and the Class B Stock Authorization. As a result, approval of the Reverse Stock Split Amendment and the Class B Stock Authorization are assured. Following completion of the Reverse Stock Split, it is estimated that Mr. and Mrs. Eder's beneficial ownership will increase by less than 1% as result of the cash-out of fractional shares in connection with the Reverse Stock Split. The Company and Mr. and Mrs. Eder (collectively Filing Persons) have filed a Schedule 13e-3 in connection with the proposed Reverse Stock Split Amendment. Shareholders holding less than 75 shares of Common Stock immediately prior to the filing of the Reverse Stock Split Amendment will receive cash for their shares and will cease to have any interest in the Company's future earnings or growth. Following consummation of the Reverse Stock Split, assuming that there are less than 300 shareholders of record, the registration of the Company's Common Stock and the Company's reporting obligations with respect to the Common Stock under the Securities Exchange Act of 1934, as amended (the Exchange Act), will be suspended upon application to the SEC. In connection with the Reverse Stock Split (regardless of whether the Company is able to deregister the Common Stock under the Exchange Act and in order to facilitate the Class B Stock Authorization, shares of the Common Stock will no longer be listed on the American Stock Exchange (AMEX); however, it is a condition to the Reverse Stock Split that we make application for our Class A Common Stock to be listed on the OTCQX following deregistration. The OTCQX is a listing service offered by the Pink Sheets, LLC that offers a centralized information and messaging network for competitive market maker price quotations and execution negotiations. In order for our shares to be approved for listing on the OTCQX, we will make application for the listing of our Class A Common Stock. Under the rules of the OTCQX, we will be required to have quarterly and annual financial reports posted on OTCQX.com or EDGAR if we are unable to deregister under the Exchange Act. All annual reports must be audited and prepared in accordance with US GAAP. Furthermore, in order to list our Class A Common Stock on the OTCQX, we will be required to appoint a Designated Advisor for Disclosure, which advisor must issue a letter upon us making application for listing on the OTCQX and annually thereafter to Pink OTC Markets Inc. confirming that we have made adequate current information publicly available and meet the tier inclusion requirements of the OTCQX. There is no guarantee that the Class A Common Stock will be approved for listing nor is there any guarantee that if approved for listing, how long our stock will be listed on the OTCQX. While we do not intend to list the Class B Common Stock following approval of the Class B Stock Authorization, shares of Class B Common Stock will be freely convertible on a one-for-one basis into shares of Class A Common Stock.

Board of Directors Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE REVERSE STOCK SPLIT AMENDMENT AND FOR APPROVAL OF THE CLASS B STOCK AUTHORIZATION.

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SUMMARY TERM SHEET

This summary highlights selected information from this Proxy Statement and may not contain all of the information that is important to you. To better understand the terms and conditions of the Reverse Stock Split, as well as the Class B Stock Authorization, you should carefully read this entire document, its attachments and the other documents to which we refer.

WHAT ARE THE PRINCIPAL PURPOSES OF THE PROPOSED REVERSE STOCK SPLIT?

A special committee of the Board of Directors comprised solely of independent directors, which we refer to in this Proxy Statement as the Special Committee, and the Board of Directors has each reviewed, recommended and authorized the Reverse Stock Split Amendment. The purpose of the Reverse Stock Split is to terminate the Company's status as a public reporting company with the SEC. As a result of the Reverse Stock Split, the Company expects to have approximately 125 holders of record of the Common Stock, which would enable the Company to terminate the registration of the Common Stock under the Exchange Act. The split ratio is a result of calculations that were intended to determine how many shares needed to be eliminated, or cashed-out, to reduce the number of record holders to fewer than 300. In connection with the Reverse Stock Split (regardless of whether the Company is able to deregister the Common Stock under the Exchange Act) and in order to facilitate the Class B Stock authorization, the Company intends to delist the Common Stock from the AMEX. Also, assuming that there are less than 300 shareholders of record following the Reverse Stock Split, the Company will file with the SEC to terminate the registration of the Common Stock under the Exchange Act. However, in order to protect the interests of the shareholders and ensure that there is continued liquidity in our Common Stock, we have committed to make application to have our Class A Common Stock listed on the OTCQX. Under the rules of the OTCQX, we will be required to have quarterly and annual financial reports posted on OTCQX.com or EDGAR if we are unable to deregister under the Exchange Act. All annual reports must be audited and prepared in accordance with US GAAP. Furthermore, in order to list our Class A Common Stock on the OTCQX, we will be required to appoint a Designated Advisor for Disclosure, which advisor must issue a letter upon us making application for listing on the OTCQX and annually thereafter to Pink OTC Markets Inc. confirming that we have made adequate current information publicly available and meet the tier inclusion requirements of the OTCQX. There is no guarantee that the Class A Common Stock will be approved for listing nor is there any guarantee that if approved for listing, how long our stock will be listed on the OTCQX. The purposes of the Reverse Stock Split are described below under Special Factors Purposes.

WHAT DOES GOING PRIVATE MEAN?

Following the filing of the Reverse Stock Split Amendment, we anticipate that there will be fewer than 300 shareholders of record of the Common Stock, and registration of the Common Stock under the Exchange Act will be terminated. As a result, we will not have to provide shareholders with information currently provided, such as annual, quarterly and other reports we are currently required to file with the SEC. For the protection of all continuing shareholders, however, we will maintain certain corporate governance measures for a period of at least five years following the Reverse Stock Split, provided that there are unaffiliated shareholders during such period. These measures include making publicly available to our continuing shareholders annual audited and quarterly unaudited financial statements, and, on an annual basis, providing disclosure in accordance with applicable SEC rules for smaller reporting companies regarding the Company's executive compensation, the names of holders of 5% or more of the Company's capital stock, ownership of the Company's capital stock by directors and executive officers and dividend history. The Company will also maintain a majority of independent directors and an independent audit committee of the Board of Directors. In determining the ownership of the Company's capital stock, we will rely on the records of our transfer agent. Also, in connection with the Reverse Stock Split (regardless of whether the Company is able to deregister the Common Stock under the Exchange Act) and in order to facilitate the Class B Stock Authorization, the

Common Stock will no longer be quoted on the AMEX; however, it is a condition to the Reverse Stock Split that we make application for our Class A Common Stock to be listed on the OTCQX following deregistration. Under the rules of the OTCQX, we will be required to have quarterly and annual financial reports posted on

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OTCQX.com or EDGAR if we are unable to deregister under the Exchange Act. All annual reports must be audited and prepared in accordance with US GAAP. Furthermore, in order to list our Class A Common Stock on the OTCQX, we will be required to appoint a Designated Advisor for Disclosure, which advisor must issue a letter upon us making application for listing on the OTCQX and annually thereafter to Pink OTC Markets Inc. confirming that we have made adequate current information publicly available and meet the tier inclusion requirements of the OTCQX. There is no guarantee that the Class A Common Stock will be approved for listing nor is there any guarantee that if approved for listing, how long our stock will be listed on the OTCQX.

WHAT WILL I RECEIVE IF THE REVERSE STOCK SPLIT AMENDMENT IS APPROVED?

If the Reverse Stock Split Amendment is approved by the shareholders and implemented, upon filing of the Reverse Stock Split Amendment, each 75 shares of Common Stock issued and outstanding will automatically be reclassified and converted into one share of Class A Common Stock. New certificates representing fractional shares will not be issued. Instead, fractional shares will be purchased from holders at a price equal to \$25.00 per share prior to the Reverse Stock Split. By way of example, if you own 149 shares of Common Stock, you will be entitled to receive one new share of Common Stock following the Reverse Stock Split plus \$1,850 for the remaining 74 shares of Common Stock you held prior to the Reverse Stock Split. The price to be paid for fractional shares represents a premium of 8% over the closing price of the Common Stock on August 1, 2008, the last trading day prior to the filing of the Company's initial preliminary proxy statement regarding the Reverse Stock Split.

Shareholders of the Company owning fewer than 75 shares of Common Stock will no longer be shareholders of the Company following payment for their fractional shares resulting from the Reverse Stock Split. Shareholders who own more than 75 shares, including Mr. and Mrs. Eder, will remain shareholders of the Company and will receive payment for any fractional shares resulting from the Reverse Stock Split. If the Class B Stock Authorization is approved, shareholders remaining after giving effect to the Reverse Stock Split will also receive one share of Class B Common Stock for every one share of Class A Common Stock held by such shareholders following the Reverse Stock Split. The procedure for this exchange is described below under the caption "Exchange of Certificates and Payment for Fractional Shares".

This transaction will not involve commissions or other transaction fees that would be charged if shares were sold on the open market. The Company estimates that up to an aggregate of approximately \$360,000 will be paid to shareholders of record for their resulting fractional shares. However, we anticipate requesting that brokers provide us with contact information for all beneficial owners of our Common Stock in order for us to solicit proxies from these holders directly, and, depending on the outcome of this solicitation, we estimate that the aggregate amount to be paid to all shareholders for their resulting fractional shares could cost an additional \$360,000 to \$370,000.

The payment of cash in lieu of fractional shares is described below under the caption "Exchange of Certificates and Payment for Fractional Shares".

WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF THE REVERSE STOCK SPLIT?

Advantages.

By completing the Reverse Stock Split, deregistering our shares and eliminating our obligations under the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and our periodic reporting obligations under the Exchange Act, we expect to save approximately \$170,000 per year.

We will save the significant amount of time and effort expended by our management on the preparation of SEC filings and in compliance with the Sarbanes-Oxley Act.

The Reverse Stock Split will have a limited effect on the relative voting power of our continuing shareholders.

The Reverse Stock Split and Class B Stock Authorization could enable the Company to take the steps necessary to qualify as a real estate investment trust (REIT), which would enable the Company to

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minimize or avoid entirely Federal corporate income taxes. This could benefit shareholders by creating higher yield on their investment in the Company due to the elimination of the obligation of the Company to pay Federal corporate income taxes. One of the qualifications to be taxed as a REIT is that no more than 50% of the shares of a company can be held by five or fewer individuals during the last half of each taxable year. Currently, Mr. and Mrs. Eder control 52.3% of our Common Stock. In order for the Company to qualify to be taxed as a REIT, Mr. and Mrs. Eder's ownership of the Company's issued and outstanding Common Stock would need to be reduced substantially below the 50% level given the fact that there are three other shareholders who own at least 5% of our outstanding Common Stock. Mr. and Mrs. Eder are willing to consider a reduction in their ownership of our Common Stock in order for the Company to qualify as a REIT. However, in doing so, they have indicated that they wish to maintain the power to elect a majority of the Company's Board of Directors. Under the terms of the Class B Stock Authorization, the holders of the Class B Common Stock have the right to elect two-thirds of the Board of Directors. Given that Mr. and Mrs. Eder would own approximately 52.7% of the Class B Common Stock following the issuance of the Class B Stock after the Class B Stock Authorization, Mr. and Mrs. Eder could sell enough shares of their Class A Common Stock to bring their percentage ownership sufficiently below the 50% threshold to qualify the Company to be taxed as a REIT while maintaining the right to elect a majority of the Company's Board of Directors.

Disadvantages.

Approximately 250 of our current shareholders will no longer own shares in the Company. These shareholders will not receive dividends or participate in any future success of the Company.

The terms of the Reverse Stock Split were not negotiated on an arms-length basis, but were approved by the Special Committee and the Board of Directors, and the price for fractional shares to be cashed-out in connection with the Reverse Stock Split Amendment was determined fair pursuant to the opinion of McFarland Dewey & Co., LLC, our independent financial advisor. See Reports, Appraisals and Negotiations below.

Shareholders receiving cash in lieu of fractional shares following the filing of the Reverse Stock Split Amendment will pay taxes on any gain realized over their tax basis (usually their initial investment) in their shares.

If successful in terminating the Company's registration under the Exchange Act, we will cease to file annual, quarterly, current and other reports and documents with the SEC, and continuing shareholders will have access to less information about the Company and our business, operations and financial performance. However, for the protection of our continuing shareholders, we will continue to maintain certain corporate governance measures for a period of five years following the Reverse Stock Split, provided that there are unaffiliated shareholders during such period. These measures include making publicly available to our continuing shareholders annual audited and quarterly unaudited financial statements, and, on an annual basis, providing disclosure to our shareholders in accordance with applicable SEC rules for smaller reporting companies regarding the Company's executive compensation, the names of holders of 5% or more of the Company's capital stock, ownership of the Company's capital stock by directors and executive officers and dividend history. The Company will also maintain a majority of independent directors and an independent audit committee of the Board of Directors. In determining the ownership of the Company's capital stock, we will rely on the records of our transfer agent. In addition, if our application for listing on the OTCQX is accepted, we will be required to have quarterly and annual financial reports posted on OTCQX.com or EDGAR if we are unable to deregister under the Exchange Act. All annual reports must be audited and prepared in accordance with US GAAP. Furthermore, in order to list our Class A Common Stock on the OTCQX, we will be required to appoint a Designated Advisor for Disclosure, which advisor must issue a letter upon us making application for listing on the OTCQX and annually thereafter to Pink OTC Markets Inc. confirming that we have made adequate current

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information publicly available and meet the tier inclusion requirements of the OTCQX.

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We will no longer be listed on the AMEX; however, it is a condition to the Reverse Stock Split that we make application for our Class A Common Stock to be listed on the OTCQX following deregistration. There is no guarantee that the Class A Common Stock will be approved for listing nor is there any guarantee that if approved for listing, how long our stock will be listed on the OTCQX. Furthermore, while we will not seek to have our Class B Common Stock listed for trading, shares of Class B Common Stock will be freely convertible at anytime into an equal number of shares of our Class A Common Stock.

We will no longer be subject to the provisions of the Sarbanes-Oxley Act, the liability provisions of the Exchange Act or the oversight of the AMEX.

Our executive officers, directors and 5% shareholders will no longer be required to file reports relating to their transactions in our Common Stock with the SEC. In addition, our executive officers, directors and 10% shareholders will no longer be subject to the recovery of profits provision of the Exchange Act.

WHAT CONFLICTS OF INTEREST EXIST?

Robert H. Eder and his wife, are the beneficial owners of 52.3% of the outstanding shares of the Company. Mr. Eder is the President, CEO and Chairman of the Board of Directors of the Company. Furthermore, all directors and officers will remain shareholders of the Company following the Reverse Stock Split and the Class B Stock Authorization. Mr. and Mrs. Eder and all directors and officers have indicated that they will vote in favor of the Reverse Stock Split Amendment. Due to the cash out of fractional shares resulting from the Reverse Stock Split, we estimate that Mr. and Mrs. Eder, and each director and officer of the Company will have their percentage ownership of our Common Stock increased following the Reverse Stock Split from 52.8% to 53.2% with Mr. and Mrs. Eder owning approximately 52.7% of the total outstanding shares of our Common Stock following the Reverse Stock Split.

IS THE REVERSE STOCK SPLIT FAIR?

The Special Committee and the Board of Directors fully considered and reviewed the terms, purpose, alternatives, effects, advantages and disadvantages of the Reverse Stock Split, and each has unanimously determined that the Reverse Stock Split, taken as a whole, is procedurally and substantively fair to, and in the best interests of, unaffiliated shareholders whose shares will be cashed-out as a result of the Reverse Stock Split as well as unaffiliated shareholders who will continue as shareholders following the Reverse Stock Split.

The Special Committee and the Board of Directors considered a number of factors in reaching its determinations, including:

the Fairness Opinion prepared by McFarland Dewey & Co., LLC, that the cash payment of \$25.00 per fractional share to be received by the unaffiliated shareholders of the Company, which consists of those whose fractional shares would be paid for in cash from the Company as part of the Reverse Stock Split, is fair, from a financial point of view, to such shareholders;

the limited trading volume and liquidity of our shares of Common Stock and the fact that the Class A Common Stock may be listed on the OTCQX following deregistration of the Common Stock;

enabling our smallest shareholders to liquidate their holdings in shares of our Common Stock, without incurring brokerage commissions;

the small effect of the Reverse Stock Split on the relative voting power of continuing shareholders;

our business and operations are expected to continue substantially as presently conducted; and

the requirement that certain corporate governance and other shareholder protections be continued as a condition to the Reverse Stock Split, including application for listing of our Class A Common Stock on the OTCQX following deregistration of the Common Stock. The fairness of the Reverse Stock Split is described below under Special Factors Fairness of the Reverse Stock Split.

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DO SHAREHOLDERS HAVE APPRAISAL OR DISSENTER'S RIGHTS IN CONNECTION WITH THE REVERSE STOCK SPLIT?

Under Rhode Island law, the law governing the Reverse Stock Split, shareholders do not have the right to demand the appraised value of their shares (dissenter's rights) if you vote against the Reverse Stock Split Amendment. Shareholders' rights are described below under Special Factors Appraisal Rights and Dissenter's Rights.

WHAT ARE THE TAX IMPLICATIONS OF THE REVERSE STOCK SPLIT AND THE CLASS B STOCK AUTHORIZATION?

Except for any gain or loss realized from the payment for fractional shares, shareholders should not recognize any gain or loss as a result of the Reverse Stock Split or the issuance of Class B Stock following the Class B Stock Authorization. Shareholders who receive cash in lieu of fractional shares following the Reverse Stock Split will be treated as receiving cash as payment in exchange for their fractional shares, and they will recognize a capital gain or loss in an amount equal to the difference between the amount of cash received and the adjusted tax basis of the fractional shares surrendered for cash. The tax implications of the Reverse Stock Split are described below under the caption Certain U.S. Federal Income Tax Consequences of Reverse Stock Split. The tax implications of the issuance of shares of Class B Stock following the Class B Stock Authorization are described below under the caption Special Factors Certain U.S. Federal Income Tax Consequences of Class B Stock Authorization.

WHY IS THE COMPANY SEEKING AUTHORIZATION OF A NEW CLASS OF COMMON STOCK?

The Company is considering electing to be taxed as a REIT following the Reverse Stock Split. REIT status would enable the Company to minimize or avoid entirely Federal corporate income taxes. This would benefit shareholders through possibly higher yields on their investments. One of the qualifications to be taxed as a REIT is that no more than 50% of the shares of a company can be held by five or fewer individuals during the last half of each taxable year. Currently, Mr. and Mrs. Eder control 52.3% of our Common Stock and three other shareholders own more than 5% of our Common Stock. In order for the Company to qualify to be taxed as a REIT, Mr. and Mrs. Eder's ownership of our issued and outstanding Common Stock would need to be reduced below the 50% level. Mr. and Mrs. Eder are willing to consider a reduction in their ownership of our Common Stock in order for the Company to qualify as a REIT. However, in doing so, they have indicated that they wish to maintain the power to elect a majority of the Company's Board of Directors. Under the terms of the Class B Stock Authorization, the holders of the Class B Common Stock have the right to elect two-thirds of the Board of Directors. Given that Mr. and Mrs. Eder would own approximately 52.7% of the Class B Common Stock following the Class B Stock Authorization, Mr. and Mrs. Eder could sell enough shares of their Class A Common Stock to bring their percentage ownership significantly below the 50% threshold in order to permit the Company to be taxed as a REIT while maintaining the right to elect a majority of the Company's Board of Directors.

There is no assurance that Mr. and Mrs. Eder will commit or be able to dispose of a sufficient number of shares to permit the Company to elect to be taxed as a REIT.

WHAT IS THE VOTE REQUIRED FOR APPROVAL OF THE REVERSE STOCK SPLIT AMENDMENT AND THE CLASS B STOCK AUTHORIZATION?

A majority of the outstanding shares of our Common Stock will constitute a quorum for the purposes of approving the Reverse Stock Split Amendment and the Class B Stock Authorization. The affirmative vote of a majority of the shares of our Common Stock entitled to vote at the Meeting is required for the adoption of each of the Reverse Stock Split Amendment and the Class B Stock Authorization.

As of the date hereof, over 50% of the issued and outstanding shares of our Common Stock was held by Mr. and Mrs. Eder. As noted above, Mr. and Mrs. Eder have indicated that they intend to vote FOR the Reverse Stock Split Amendment and the Class B Stock Authorization. Accordingly, if their shares are voted in

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favor of the Reverse Stock Split Amendment and the Class B Stock Authorization, these proposals will be approved.

HOW WILL SHAREHOLDERS HOLDING THEIR SHARES IN STREET NAME BE TREATED?

We intend to treat shareholders holding our Common Stock in street name in the same manner as record holders. Prior to the effective date of the Reverse Stock Split Amendment and Class B Stock Authorization, we will conduct an inquiry of all brokers, banks and other nominees that hold shares of our Common Stock in street name, ask them to provide us with information on how many shares held by beneficial holders will be cashed out, and request that they effect the Reverse Stock Split and issuance of our Class B Common Stock for those beneficial holders. However, these banks, brokers and other nominees may have different procedures than registered shareholders for processing the Reverse Stock Split and Class B Stock Authorization. Accordingly, if you hold your shares in street name, we encourage you to contact your bank, broker or other nominee.

HOW WILL SHAREHOLDERS OF RECORD BE DETERMINED FOLLOWING THE REVERSE STOCK SPLIT?

In determining whether the number of our shareholders of record falls below 300 as a result of the Reverse Stock Split, we will count shareholders of record in accordance with Rule 12g5-1 under the Exchange Act. Rule 12g5-1 provides, with certain exceptions, that in determining whether issuers, including the Company, are subject to the registration provisions of the Exchange Act, securities are considered to be held of record by each person who is identified as the owner of such securities on the respective records of security holders maintained by or on behalf of the issuer. However, institutional custodians such as Cede & Co. and other commercial depositories are not considered a single holder of record for purposes of these provisions. Rather, Cede & Co. s and these depositories accounts are treated as the record holder of shares. Based on information available to us, as of June 25, 2008 there were approximately 370 holders of record of our shares of Common Stock.

PROPOSAL 1 REVERSE STOCK SPLIT

SPECIAL FACTORS

PURPOSES

The Special Committee and the Board of Directors have determined that the costs of being a SEC reporting company currently outweigh the benefits and, thus, it is no longer in our best interests or the best interests of our shareholders, including our unaffiliated shareholders (consisting of shareholders other than our executive officers and directors and other than those holding more than 10% of our Common Stock), for us to remain a SEC reporting company. Accordingly, we are proposing the Reverse Stock Split for the purpose of reducing the number of record shareholders of our Common Stock to fewer than 300, so we can then cease registration of our Common Stock under the Exchange Act, suspend our reporting and other obligations as a SEC reporting company under the Exchange Act, and delist our Common Stock from the AMEX (provided, that we will make application for the Class A Common Stock to be listed on the OTCQX following deregistration of the Common Stock). Assuming that we have less than 300 shareholders of record following the Reverse Stock Split which will allow us to deregister the Common Stock under the Exchange Act, we will realize significant cost savings by the elimination of many of the expenses related to our status as a SEC reporting company, including expenses relating to the disclosure, reporting and compliance requirements of the Exchange Act, the Sarbanes-Oxley Act and other Federal securities laws, and relieve us of the administrative burdens associated with being a SEC reporting company.

We incur both direct and indirect costs to comply with the filing and reporting requirements imposed on us as a public reporting company. As described below, these costs include, among other things, management s time spent preparing

and reviewing the Company's public filings and legal and accounting fees associated with

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the preparation and review of such filings. Furthermore, since the passage of the Sarbanes-Oxley Act in 2002, our public company expenses have steadily increased and continue to do so.

When the Sarbanes-Oxley Act was adopted, it was apparent that we would incur additional expenses to maintain our public company status. We did not seek to deregister at that time, however, because much of the Sarbanes-Oxley Act as it relates to smaller public companies had yet to be implemented and the extent of the increases was then unknown. Since adoption of the Sarbanes-Oxley Act, however, our compliance costs have increased from approximately \$125,000 in 2001 to approximately \$225,000 in 2007. Of particular concern is the internal control audit requirement imposed by Section 404 of the Sarbanes-Oxley Act. As discussed below, our preparations to comply with Section 404 resulted in a significant one-time expense, and are likely to result in significant increases in our annual audit expenses going forward. For smaller publicly traded companies, such as us, these costs represent a greater percentage of revenues than for larger public companies.

The Reverse Stock Split will not eliminate all of the Company's reporting costs, however. Provided that there are less than 300 shareholders of record following the Reverse Stock Split, for the protection of our continuing shareholders, we will continue to maintain certain corporate governance measures for a period of at least five years, provided that there are unaffiliated shareholders during such period. These measures include making publicly available to our continuing shareholders annual audited and quarterly unaudited financial statements, and, on an annual basis, providing disclosure in accordance with applicable SEC rules for smaller reporting companies regarding the Company's executive compensation, the names of holders of 5% or more of the Company's capital stock, ownership of the Company's capital stock by directors and executive officers and dividend history. The Company will also maintain a majority of independent directors and an independent audit committee of the Board of Directors. In determining the ownership of the Company's capital stock, we will rely on the records of our transfer agent. Furthermore, we will make application to have our Class A Common Stock listed on the OTCQX following deregistration of the Common Stock, which, if approved for listing, will provide our shareholders continued liquidity for their shares. Under the rules of the OTCQX, we will be required to have quarterly and annual financial reports posted on OTCQX.com or EDGAR if we are unable to deregister under the Exchange Act. All annual reports must be audited and prepared in accordance with US GAAP. Furthermore, in order to list our Class A Common Stock on the OTCQX, we will be required to appoint a Designated Advisor for Disclosure, which advisor must issue a letter upon us making application for listing on the OTCQX and annually thereafter to Pink OTC Markets Inc. confirming that we have made adequate current information publicly available and meet the tier inclusion requirements of the OTCQX. In addition, shares of our Class B Common Stock to be issued in connection with the Class B Stock Authorization while not listed for trading will be freely convertible into an equal number of shares of our Class A Common Stock.

The Special Committee and the Board of Directors each believe that by deregistering our Common Stock and suspending our periodic reporting obligations under the Exchange Act, we will realize recurring annual cost savings of approximately \$170,000 in fees and expenses that we have historically incurred and expenses that we expect to incur going forward, including fees and expenses for compliance with the Sarbanes-Oxley Act and associated regulations and compliance with AMEX requirements, all of which represented 6.5% of our total expenses in 2007. These estimated fees and expenses are described in greater detail below.

Estimated Annual Cost Savings:

Fiscal Year 2007 compliance costs associated with public company reporting requirements:

Legal fees	\$ 50,000
Printing, mailing and filing costs	\$ 23,100
Audit fees	\$ 98,100

AMEX listing fees	\$ 16,500
Miscellaneous	\$ 36,200
Total historical costs	\$ 223,900

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Projected compliance costs associated with public company reporting requirements:

Legal fees	\$ 52,000
Printing, mailing and filing costs	\$ 23,700
Audit fees	\$ 124,000
AMEX listing fees	\$ 27,500
Miscellaneous	\$ 32,200
 Total projected costs	 \$ 259,400

Projected compliance costs if deregistered:

Legal fees	\$ 20,000
Printing, mailing and filing costs	\$ 5,400
Audit fees	\$ 38,000
OTCQX listing fees & related charges	\$ 12,600
Miscellaneous	\$ 12,000
 Total projected costs	 \$ 88,000
 Total estimated annual cost savings	 \$ 171,400

These estimated cost savings reflect, among other things: (i) a reduction in audit and related fees; (ii) a reduction in legal fees related to securities law and AMEX compliance; (iii) elimination of filing costs and expenses associated with electronically filing periodic reports and other documents (such as proxy statements) with the SEC on its Edgar database; (iv) the elimination of annual AMEX listing fees; (v) lower printing and mailing costs attributable to the reduction in the number of shareholders and the less complicated and extensive disclosure required by private status; (vi) a reduction in management time spent on compliance and disclosure matters attributable to our Exchange Act filings; (vii) lower risk of liability that is associated with non-reporting company status and the expected decrease in premiums for directors and officers liability insurance; (viii) cost savings due to the Company not being subject to the public company provisions of the Sarbanes-Oxley Act; (ix) the savings in fees charged by the Company's transfer agent due to the reduction in the number of shareholder accounts; and (x) a reduction in direct miscellaneous clerical and other expenses. These savings also include estimated annual audit savings and internal personnel savings from our not having to comply with Section 404 of the Sarbanes-Oxley Act.

ALTERNATIVES TO REVERSE STOCK SPLIT

In deciding upon the Reverse Stock Split, the Special Committee and the Board of Directors considered other methods of effecting a deregistration transaction, including an issuer tender offer, a reclassification, a purchase of shares in the open market and a cash-out merger, as well as maintaining the status quo. When considering the various alternatives to the Reverse Stock Split, the primary focus was the level of assurance that the selected alternative would result in the Company having fewer than 300 record owners of its Common Stock, thus allowing us to achieve a deregistration of our shares, the time frame within which such alternative could reasonably be expected to be achieved, relative to the other alternatives under consideration, as well as the potential costs of the alternative transactions.

Issuer Tender Offer. While a tender offer which was contingent upon acceptance of less than 100% of the unaffiliated shareholders could allow shareholders who wished to remain shareholders of a non-public company to remain shareholders, this alternative was rejected because it could result in shareholders retaining their interests in the Company through inaction rather than choice, or, alternatively, could fail to achieve its purpose if fewer than the minimum required number of shareholders accepted the tender. Such a tender offer would achieve the same result as the Reverse Stock Split without presenting any advantages over the Reverse Stock Split, but presenting the disadvantage that the goal of reducing the number of shareholders of the Company below 300 would be defeated in the event less than the number of unaffiliated shareholders of the Company required to bring the number of shareholders below 300 accepted the tender. Therefore, the Special

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Committee and the Board of Directors determined that the Reverse Stock Split as opposed to a tender offer, would be the best means of reducing the number of shareholders of the Company below 300. In addition, a general tender offer could increase the cost to the Company, depending on the number of shares tendered.

Reclassification. The Special Committee and the Board of Directors also considered a reclassification, in which our shareholders would receive a new class of preferred stock in exchange for their shares of Common Stock, rather than receive a cash payment for their shares. While shareholders would continue to participate as shareholders of the Company, there could be no assurance that any trading market would arise for this new class of stock. Further, this alternative would not provide our smallest shareholders with the ability to receive a cash payment for their shares without the payment of brokerage commissions and other transaction costs. Accordingly, this alternative was not considered the preferable structure.

Purchase Of Shares in the Open Market. The Special Committee and the Board of Directors also considered instituting a stock repurchase program, under which the Company would make periodic repurchases of its Common Stock in the open market or in privately negotiated transactions. However, the Special Committee and the Board of Directors noted that this method would be lengthy, and because it was voluntary, there was no assurance of acquiring sufficient shares to reduce the number of record holders below 300.

Cash-Out Merger. The alternative considered by the Special Committee and the Board of Directors as the most similar to the Reverse Stock Split is a merger with a shell company and the reissuance of stock to continuing shareholders of the newly-formed entity. Shareholders owning fewer than 75 shares would be cashed-out and shareholders owning 75 or more shares would become shareholders in the newly-formed entity. In considering this alternative, the Special Committee and the Board of Directors noted that a cash-out merger could potentially be more complex and less cost effective than a reverse stock split and required the formation of a new entity and more documentation than the Reverse Stock Split. Accordingly, the Special Committee and the Board of Directors concluded that the Reverse Stock Split would be simpler and more cost-effective than a cash-out merger.

Maintaining the Status Quo. The Special Committee and the Board of Directors also considered maintaining the status quo. In that case, we would continue to incur the significant expenses of being a SEC reporting company without enjoying the benefits traditionally associated with SEC reporting company status, including, but not limited to, raising capital in the public markets, stock liquidity and business credibility.

INTERESTS OF CERTAIN PERSONS

Robert H. Eder is the beneficial owner of 52.3% of the outstanding Common Stock and is the President, CEO and Chairman of the Board of Directors of the Company. As such, he is able to approve the Reverse Stock Split Amendment and Class B Stock Authorization through the voting of the shares beneficially owned by him. Following approval of the Reverse Stock Split Amendment and the issuance of shares of Class B Common Stock in connection with the Class B Stock Authorization, Mr. Eder would beneficially own approximately 52.7% of both outstanding shares of Class A Common Stock and Class B Common Stock.

BACKGROUND OF REVERSE STOCK SPLIT

At the meeting of the Board of Directors held on April 29, 2008, the Board of Directors, legal counsel to the Company and management reviewed the costs and expenses associated with being a SEC reporting company, including the Sarbanes-Oxley Act costs currently incurred and expected to be incurred in the future and the cost of a going private transaction.

On May 22, 2008, the Board of Directors retained McFarland Dewey & Co., LLC to act as its financial advisor and to render an opinion with respect to the fairness, from a financial point of view, of the cash payment per fractional share to be received by the unaffiliated shareholders of the Company whose fractional shares would be paid for in cash from the Company as part of the Reverse Stock Split.

During the months following the April 29, 2008 meeting, our management continued to review our direct and indirect costs associated with being a SEC reporting company. Management considered the costs of Sarbanes-Oxley compliance, both presently and in the future, including resources and costs required to test

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and assess our internal control structure and our external auditors' report on our management's assessment of that internal control structure. Our management and the Board of Directors explored alternatives that might be available to us to reduce our costs, including ceasing the registration of our shares of Common Stock under the Exchange Act. The alternatives discussed included a transaction, such as a reverse stock split, tender offer and implementation of a stock repurchase program, in order to reach the goal of reducing the number of our record holders below 300 and allow us to deregister under the Exchange Act.

On June 25, 2008, the Board of Directors formed the Special Committee to review the alternatives available to allow us to deregister under the Exchange Act, and the costs, expenses, advantages and disadvantages of each. The Special Committee held an initial meeting on July 3, 2008 and then met again on July 11, 2008, July 23, 2008, and September 18, 2008. Over the course of these meetings the Special Committee reviewed and discussed the costs, advantages and disadvantages of being a public company and the alternatives available to the Company in order to deregister and the costs, expenses, advantages and disadvantages of each alternative. The Special Committee also reviewed certain corporate governance measures and protections that would enable shareholders to continue to have liquidity for their shares and information regarding the financial performance of the Company and ownership of the Company's capital stock following the Reverse Stock Split. These measures included making publicly available to our continuing shareholders annual audited and quarterly unaudited financial statements, and requiring the Company to maintain a majority of independent directors and an independent audit committee of the Board of Directors. Furthermore, the Special Committee also considered requiring the Company to make application for our Class A Common Stock to be listed on the OTCQX as a condition to the Reverse Stock Split.

The Special Committee, the Board of Directors of the Company and management of the Company also met with outside legal counsel on various instances to discuss the Reverse Stock Split as well as other options for taking the Company private. After discussion with legal counsel and other advisors as to the options available, the Special Committee and the Board of Directors determined that the Reverse Stock Split was the most feasible and least expensive in the Company's current situation.

After reviewing the costs, advantages and disadvantages of being a public company and the alternatives available to the Company in order to deregister and the costs, expenses, advantages and disadvantages of each, the Special Committee concluded that a Reverse Stock Split was the most cost efficient mechanism to achieve the goal of deregistration and that the disadvantages to shareholders who own less than 75 shares of our Common Stock are outweighed by the benefits to the remaining shareholders of the Company. The Special Committee based its determination on the following considerations:

The Company will realize an anticipated annual cost savings of approximately \$170,000 as a result of the deregistration of the Common Stock and the related elimination of periodic reporting requirements, including the cost savings resulting from no longer being subject to the public company provisions of the Sarbanes-Oxley Act and the elimination of costs associated with being listed on the AMEX;

The Company will realize an additional savings of management's and employees' time that will no longer be spent preparing the periodic reports required under the Exchange Act and complying with other provisions of the Exchange Act;

The Company may be able to receive reduced premiums for its directors' and officers' insurance policies as a result of no longer being a public reporting company; and

The Company has received a fairness opinion from McFarland Dewey & Co., LLC that the cash payment of \$25.00 per fractional share to be received by the unaffiliated shareholders of the Company, which consists of those whose fractional shares would be paid for in cash from the Company as part of the Reverse Stock Split, is

fair, from a financial point of view, to such shareholders.

At the Board of Directors meeting on July 29, 2008, the Special Committee reported that taking the Company private could be accomplished through a Reverse Stock Split, with cash being paid for any resulting fractional shares. The Special Committee reported that a 75 to 1 reverse stock split to take the number of the Company's shareholders of record below 300 had been evaluated, and that in the Special Committee's opinion the ratio was preferable in order to avoid discriminating against larger unaffiliated shareholders. The Board

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discussed the fairness of the Reverse Stock Split to the unaffiliated shareholders remaining after the Reverse Stock Split and cash payment for fractional shares. Because of the cost savings associated with no longer being a public company, the Board concluded that the Reverse Stock Split would be fair to such shareholders.

On September 18, 2008, the Special Committee met to (i) consider adding additional shareholder protections which included providing disclosure, on an annual basis, in accordance with applicable SEC rules for smaller reporting companies regarding the Company's executive compensation, the names of holders of 5% or more of the Company's capital stock, ownership of the Company's capital stock by directors and executive officers and dividend history and (ii) to review the fees and expenses associated with listing on the OTCQX, including the fees associated with the appointment of a Designated Advisor for Disclosure. Following discussion of the foregoing items, the Special Committee approved the additional shareholder protections as stated above and confirmed that the Company be required to make application to list its Class A Common Stock on the OTCQX.

The Board of Directors also met on September 18, 2008 to (i) review the updated opinion from McFarland Dewey & Co., LLC, (ii) consider the changes in shareholder information protections and commitments as recommended by the Special Committee and (iii) consider changes in the proxy statement as a result of comments received from the SEC. After discussing with McFarland Dewey & Co., LLC its updated opinion, the Board of Directors reaffirmed the \$25.00 per share price to be paid for fractional shares resulting from the Reverse Stock Split. In addition, the Board of Directors approved the requirement for annual disclosures of the Company's executive compensation and information relating to share ownership and dividends, as well as, extending the time period of the Company's commitments with respect to shareholder protections from four years to five years, provided that there are unaffiliated shareholders during such time. Finally, the Board of Directors approved the filing with the SEC of the revised proxy statement and related schedules in connection with the Reverse Stock Split and Class B Stock Authorization.

In consideration of the aforementioned reasons, based on the recommendations of the Special Committee and the fairness opinion rendered by McFarland Dewey & Co., LLC, the Company's Board of Directors on July 29, 2008, approved, subject to approval by the Company's shareholders, a proposal to proceed with the Reverse Stock Split, which approval was reaffirmed by the Board of Directors on September 18, 2008, and recommended that it be submitted for a vote at a special meeting of shareholders of the Company.

Failure to approve the Reverse Stock Split Amendment would require the Company to continue to incur the substantial costs of being a public company without a corresponding benefit. The Company had 3,299,956 shares of Common Stock outstanding on the Record Date. If the Reverse Stock Split Amendment is approved and implemented, each 75 shares of Common Stock will automatically be reclassified into one fully paid and non-assessable share of Class A Common Stock without any further action on the part of the shareholders. The Company estimates that approximately 248 shareholders will hold only fractional shares after the Reverse Stock Split, which fractional shares will be purchased at \$25.00 for each pre-split share.

Adoption of the Reverse Stock Split Amendment is assured in view of Mr. Eder's statement that he intends to cause the shares of Common Stock beneficially owned by him to be voted in favor of the Reverse Stock Split Amendment.

REASONS AND EFFECTS OF REVERSE STOCK SPLIT AMENDMENT

Effect of the Reverse Stock Split Amendment on the Company. The Reverse Stock Split Amendment is designed to reduce the number of our shareholders of record below 300, which will allow us to suspend our reporting obligations with the SEC. In determining whether the number of our shareholders of record falls below 300 as a result of the Reverse Stock Split, we will count shareholders of record in accordance with Rule 12g5-1 under the Exchange Act. Rule 12g5-1 provides, with certain exceptions, that in determining whether issuers, including the Company, are subject to the registration provisions of the Exchange Act, securities are considered to be held of record by each

person who is identified as the owner of such securities on the respective records of security holders maintained by or on behalf of the issuer. However, institutional custodians such as Cede & Co. and other commercial depositories are not considered a single holder of record for purposes of these provisions. Rather, Cede & Co. s and these depositories accounts are

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treated as the record holder of our shares. Based on information available to us as of June 25, 2008, we expect that as a result of the Reverse Stock Split, the number of our shareholders of record would be reduced from approximately 370 to approximately 125.

We also believe the Reverse Stock Split will have the following additional effects:

Termination of Exchange Act Registration and Elimination of SEC Reporting Obligations. Our Common Stock is currently registered under the Exchange Act. The registration may be terminated upon application by us to the SEC if there are fewer than 300 holders of record of our Common Stock. We intend to file a Form 25 with the SEC to delist our Common Stock from the AMEX and, assuming that we have less than 300 shareholders following the Reverse Stock Split, to deregister our Common Stock under Section 12(b) of the Exchange Act. We expect that the delisting of our Common Stock will be effective 10 days after we file the Form 25 with the SEC and deregistration of our Common Stock under Section 12(b) of the Exchange Act will take effect 90 days after the filing of the Form 25, assuming that we have less than 300 shareholders. Our duty to file periodic and current reports under Section 13(a) of the Exchange Act and the rules and regulations thereunder as a result of our Common Stock's registration under Section 12(b) of the Exchange Act will be suspended 10 days after we file the Form 25 with the SEC. We will also be required to terminate our registration under other applicable provisions of the Exchange Act. Accordingly, assuming that we have less than 300 shareholders following the Reverse Stock Split, we will also file with the SEC a Form 15 certifying that we have less than 300 shareholders. Our obligation to file periodic and current reports as a result of our Common Stock's registration under those other provisions of the Exchange Act will be suspended immediately upon the filing the Form 15 with the SEC (which we anticipate we will file 10 days following the filing of the Form 25). After the 90-day waiting period following the filing of the Form 15, (1) our obligation to comply with the requirements of the proxy rules and to file proxy statements under Section 14 of the Exchange Act will also be terminated; (2) our executive officers, directors and 5% shareholders will no longer be required to file reports relating to their transactions in our Common Stock with the SEC and our executive officers, directors and 10% shareholders will no longer be subject to the recovery of profits provision of the Exchange Act; and (3) persons acquiring 5% of our Common Stock will no longer be required to report their beneficial ownership under the Exchange Act. However, following the filing of the Form 15 with the SEC, if on the first day of any fiscal year we have more than 300 shareholders of record we will once again become subject to the reporting requirements of the Exchange Act. The Company will continue to be subject to the general anti-fraud provisions of applicable Federal and state securities laws.

Shareholder Protections. As part of the corporate governance and other shareholder protections adopted by the Special Committee and the Board of Directors, we will maintain certain corporate governance measures for a period of at least five years following the Reverse Stock Split, provided that there are unaffiliated shareholders during such period. These measures include making publicly available to our continuing shareholders annual audited and quarterly unaudited financial statements, and, on an annual basis, providing disclosure in accordance with applicable SEC rules for smaller reporting companies regarding the Company's executive compensation, the names of holders of 5% or more of the Company's capital stock, ownership of the Company's capital stock by directors and executive officers and dividend history. The Company will also maintain a majority of independent directors and an independent audit committee of the Board of Directors. In determining the ownership of the Company's capital stock, we will rely on the records of our transfer agent. Furthermore, as part of the Reverse Stock Split and the Class B Stock Authorization, we will make application to have our Class A Common Stock listed on the OTCQX following deregistration of the Common Stock. Under the rules of the OTCQX, we will be required to have quarterly and annual financial reports posted on OTCQX.com or EDGAR if we are unable to deregister under the Exchange Act. All annual reports must be audited and prepared in accordance with US GAAP. Furthermore, in order to list our Class A Common Stock on the OTCQX, we will be required to appoint a Designated Advisor for Disclosure, which advisor must issue

a letter upon us making application for listing on the OTCQX and annually thereafter to Pink OTC Markets Inc. confirming that we have made adequate current information

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publicly available and meet the tier inclusion requirements of the OTCQX. Also, our Class B Common Stock to be issued in connection with the Class B Stock Authorization will be convertible at anytime into an equal number of shares of our Class A Common Stock.

Reduced Costs and Expenses. Our direct, out-of-pocket costs resulting from our reporting and other obligations under the Exchange Act, the Sarbanes-Oxley Act, and the AMEX rules were approximately \$224,000 in fiscal 2007 and we expect these costs to be approximately \$259,000, in fiscal 2008 and in fiscal 2009. We expect to save approximately \$170,000 on an annual basis by becoming a non-reporting company. We also believe our management team, which currently spends a significant amount of time on activities related to compliance with the Exchange Act and Sarbanes-Oxley Act will have more time to devote to the business of the Company.

Financial Effect of the Reverse Stock Split. Based on information we have received as of June 25, 2008 from our transfer agent, American Stock Transfer & Trust Company, and from Broadridge Corporate Issuer Services, a division of Broadridge Financial Solutions, Inc., we estimate that the cost of payment to current shareholders of record whose shares will be cashed-out as part of the Reverse Stock Split will total approximately \$360,000. However, we anticipate requesting that brokers provide us with contact information for all beneficial owners of our Common Stock in order for us to solicit proxies from these holders directly and, depending on the outcome of this solicitation, we estimate that the aggregate amount to be paid to all shareholders for their resulting fractional shares could cost an additional \$360,000 to \$370,000. This total amount could be larger or smaller depending on, among other things, the number of fractional shares that will be outstanding after the Reverse Stock Split as a result of purchases, sales and other transfers of our shares of Common Stock by our shareholders. The consideration to be paid to shareholders whose shares will be cashed-out and the costs of the Reverse Stock Split will be paid from cash on hand.

Conduct of our Business after the Reverse Stock Split. We expect our business and operations to continue substantially as they are currently conducted, and except as described in this proxy statement, the Reverse Stock Split is not expected to have any material effect upon the conduct of our business.

Effect on Holders of Fewer than 75 Shares of Common Stock and Treatment of Multiple Accounts. Following the Reverse Stock Split, holders of fewer than 75 shares of our Common Stock would receive a cash payment of \$25.00 per pre-split share, without interest, and would cease to be shareholders of the Company. The price to be paid for fractional shares represents a premium of 8% over the closing price of the Common Stock on the last trading day prior to the filing of the Company's preliminary proxy statement regarding the Reverse Stock Split. Shareholders who will be cashed-out in the Reverse Stock Split will have no further financial interest in the Company with respect to their cashed-out shares and thus will not have the right to receive dividends or participate in any future success of the Company, including any profits which may be realized by the Company upon exercise of the option (the Option) held by Global Companies, LLC, a Delaware limited liability company (Global), to purchase our petroleum storage terminal and associated Wilkesbarre Pier located in East Providence, Rhode Island (the Terminal) currently leased to Global by a wholly-owned subsidiary of the Company. Pursuant to the Option and provided that the Company's lease with Global of the Terminal is in effect, Global has the option to purchase the Terminal exercisable at any time until April 30, 2012. The purchase price to be paid pursuant to the Option is the greater of (i) the appraised fair market value of the Terminal; and (ii) the sum of (x) the audited book value of the Terminal as set forth on the books of the Company for the December 31st next preceding the date of the exercise of the Option plus (y) the amount of all capital expenses incurred by the Company with respect to the Terminal since the December 31st next preceding the date of exercise of the Option, less the depreciation attributable to such capital expenses plus (z) the amount of Federal and state income taxes which would be incurred (or would have been incurred) by the Company calculated using the highest Federal and state income tax rates applicable to a C corporation (as defined under the Internal Revenue Code of 1986, as amended) on the gain resulting from the sale of the Terminal at said book value. The exact

amount which may be realized upon exercise of the Option is not determinable at this time and the Company cannot determine whether the Option will be exercised by Global. As of December 31, 2007, the purchase price under clause (ii) of the Option would have

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been approximately \$21,559,000. We have not commissioned an appraisal and, therefore, cannot estimate the purchase price of the Terminal under clause (i) of the Option.

The number of shares held by a shareholder of record in two or more separate but identical record holder accounts will be combined to determine the number of shares of our Common Stock owned by that holder and, accordingly, whether the holder will be cashed-out or continue as a shareholder of the Company. Shares held by record holders in joint accounts, such as by a husband and wife, and shares held in similar capacities will be treated separately, and will not be combined with individual accounts in determining whether a holder will be cashed-out or continue as a shareholder of the Company.

We intend to treat shareholders holding our Common Stock in street name in the same manner as record holders. Prior to the effective date of the Reverse Stock Split, we will conduct an inquiry of all brokers, banks and other nominees that hold shares of our Common Stock in street name, ask them to provide us with information on how many fractional shares will be cashed out, and request that they effect the Reverse Stock Split for their beneficial holders. However, these banks, brokers and other nominees may have different procedures than registered shareholders for processing the Reverse Stock Split. As a result, a shareholder owning 75 or more shares of Common Stock may nevertheless have those shares cashed out if the shareholder holds shares in a combination of street name accounts and record holder accounts, or holds shares in separate accounts in several brokerage firms. If you are in this situation and desire to remain a shareholder of the Company after the Reverse Stock Split, you may consolidate your holdings into one brokerage account or record holder account prior to the effective date of the Reverse Stock Split. Conversely, if you hold an account with less than 75 shares in street name and want to ensure that your shares are cashed out, you may want to change the manner in which your shares are held from street name into a record holder account in your own name so that you will be a record owner of the shares.

Effect on Unaffiliated Shareholders Who Own 75 or More Shares. For those unaffiliated shareholders who own 75 or more shares of our Common Stock, the Reverse Stock Split Amendment may have the following effects:

Effect on Market for Shares and Liquidity. The liquidity of our Common Stock could be adversely impacted by the smaller number of shareholders that we will have after the Reverse Stock Split. Furthermore, in connection with the Reverse Stock Split (regardless of whether the Company is able to deregister the Common Stock under the Exchange Act) and in order to facilitate the Class B Stock Authorization, our Common Stock will no longer be listed on the AMEX. However, it is a condition to the Reverse Stock Split that we make application for our Class A Common Stock to be listed on the OTCQX. There is no guarantee that the Class A Common Stock will be approved for listing nor is there any guarantee that if approved for listing, how long our stock will be listed on the OTCQX. Furthermore, while we will not seek to have our Class B Common Stock listed for trading, shares of our Class B Common Stock will be convertible at any time into an equal number of shares of our Class A Common Stock. Therefore, if our shares are approved for listing on the OTCQX, we believe that this will lessen adverse impact on the liquidity of our Common Stock.

Cost Savings. Our direct, out-of-pocket costs resulting from our reporting and other obligations under the Exchange Act, the Sarbanes-Oxley Act, and the AMEX rules were approximately \$224,000 in fiscal 2007 and we expect these costs to be approximately \$259,000 in fiscal 2008 and fiscal 2009. As we noted above, we ultimately expect to realize recurring annual cost savings of approximately \$170,000 as a result of the Reverse Stock Split Amendment. Our continuing shareholders after the Reverse Stock Split, including our affiliated shareholders, will be the beneficiaries of these savings.

Reduction in Publicly Available Information. If we complete the Reverse Stock Split as described in this proxy statement, and assuming that we have less than 300 shareholders of record following the Reverse Stock Split, our Common Stock will no longer be registered under the Exchange Act and we will no longer be a reporting

company under the Exchange Act. We will, therefore, cease to file annual, quarterly, current and other reports and documents with the SEC. Persons that remain shareholders after the Reverse Stock Split is effected will, therefore, have access to less information about the Company and our business, operations, and financial performance. We will, however, for the protection of our continuing shareholders, continue to maintain certain corporate governance measures for a period of at

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least five years following the Reverse Stock Split, provided that there are unaffiliated shareholders during such period. These measures include making publicly available to our continuing shareholders annual audited and quarterly unaudited financial statements, and, on an annual basis, providing disclosure in accordance with applicable SEC rules for smaller reporting companies regarding the Company's executive compensation, the names of holders of 5% or more of the Company's capital stock, ownership of the Company's capital stock by directors and executive officers and dividend history. The Company will also maintain a majority of independent directors and an independent audit committee of the Board of Directors. In determining the ownership of the Company's capital stock, we will rely on the records of our transfer agent. In addition, if our application for listing on the OTCQX is accepted, we will be required to have quarterly and annual financial reports posted on OTCQX.com or EDGAR if we are unable to deregister under the Exchange Act. All annual reports must be audited and prepared in accordance with US GAAP. Furthermore, in order to list our Class A Common Stock on the OTCQX, we will be required to appoint a Designated Advisor for Disclosure, which advisor must issue a letter upon us making application for listing on the OTCQX and annually thereafter to Pink OTC Markets Inc. confirming that we have made adequate current information publicly available and meet the tier inclusion requirements of the OTCQX.

Possible Decline in the Value of Our Common Stock. Because of the possible limited liquidity for our Common Stock following delisting from AMEX (note, however, that we will make application for our Class A Common Stock to be listed on the OTCQX), the suspension of our obligation to publicly disclose financial and other information following the Reverse Stock Split, and the deregistration of our Common Stock under the Exchange Act, continuing shareholders may experience a significant decrease in the value of their Common Stock.

Effect on Affiliated Shareholders. On the date hereof, 1,726,710 shares, or 52.3% of the issued and outstanding shares of our Common Stock, were held by Robert H. Eder and his wife. Mr. Eder is the Chairman of the Board of Directors, President and Chief Executive Officer of the Company. Mr. and Mrs. Eder have indicated that they intend to vote their shares FOR the Reverse Stock Split Amendment and the Class B Stock Authorization. Accordingly, if those shares are voted in favor of the Reverse Stock Split Amendment, the Reverse Stock Split Amendment will be approved.

Upon the effectiveness of the Reverse Stock Split Amendment, the ownership percentage of the shares of our Common Stock owned by the Eders will increase by less than 1% as a result of the reduction of the number of shares of our Common Stock outstanding as part of the cash-out of fractional shares.

In addition, our other directors and executive officers may have interests in the Reverse Stock Split that are different from your interests as a shareholder, and have relationships that may present conflicts of interest, including the following:

Alfred J. Corso, a director of the Company, holds 1,013 shares of our Common Stock. Mr. Corso will retain these shares after the Reverse Stock Split Amendment. Mr. Corso has advised us that he intends to vote in favor of the Reverse Stock Split Amendment and the Class B Stock Authorization.

Barbara J. Dreyer, Treasurer of the Company, owns 6,600 shares of our Common Stock and will retain these shares after the Reverse Stock Split Amendment. Ms. Dreyer has advised us that she intends to vote in favor of the Reverse Stock Split Amendment and the Class B Stock Authorization.

Roy J. Nirschel, a director of the Company, holds 101 shares of our Common Stock. Mr. Nirschel will retain these shares after the Reverse Stock Split Amendment. Mr. Nirschel has advised us that he intends to vote in favor of the Reverse Stock Split Amendment and Class B Stock Authorization.

Harris N. Rosen, a director of the Company, beneficially owns 5,060 shares of our Common Stock. Mr. Rosen will retain beneficial ownership of these shares after the Reverse Stock Split Amendment. Mr. Rosen has advised us that he intends to vote in favor of the Reverse Stock Split Amendment and the Class B Stock Authorization.

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Todd D. Turcotte, a director and Vice President of the Company and President of Capital Terminal Company, a wholly-owned subsidiary of the Company, holds 100 shares of our Common Stock. Mr. Turcotte will retain these shares after the Reverse Stock Split Amendment. Mr. Turcotte has advised us that he intends to vote in favor of the Reverse Stock Split Amendment and Class B Stock Authorization.

After the Reverse Stock Split Amendment, the beneficial ownership of the executive officers and directors other than Mr. Eder will increase by less than 1% as a result of the reduction of the number of shares of our Common Stock outstanding.

Rights, Preferences and Limitations. There are no differences between the respective rights, preferences or limitations of the existing Common Stock and the Class A Common Stock following the Reverse Stock Split Amendment, except that after approval of the Class B Stock Authorization and issuance of the Class B Common Stock, the Class A shareholders will elect only one-third of our Board of Directors. If the Reverse Stock Split Amendment is approved and implemented, the percentage interests of approximately 250 current shareholders will be reduced to zero with the interests of the continuing shareholders being increased, with Robert H. Eder, along with his wife owning approximately 52.7% of the outstanding shares of our Class A Common Stock.

Following the Reverse Stock Split, and upon approval of the shareholders of the Class B Stock Authorization, the Company will issue a new share of Class B Common Stock to each shareholder remaining after the Reverse Stock Split on the basis of one share of Class B Common Stock for every one share of Class A Common Stock held by such shareholder following the Reverse Stock Split. For a description of the rights and preferences of the Class B Common Stock see Proposal 2 Class B Stock Authorization below.

No commitments, plans, understandings or agreements have been made by the Board of Directors or the officers of the Company for use of the authorized but unissued stock. If the Board of Directors issues additional shares of Common Stock in the future, the then current shareholders may suffer dilution of their present interests in the Company, to the extent such future issuances do not involve the then current shareholders of the Company.

Financial Effect. The Reverse Stock Split and expenses related to the Reverse Stock Split will not have a material effect on the Company's Balance Sheet, Income Statement or Cash Flow. We intend to pay all costs associated with the Reverse Stock Split out of available cash. In the opinion of the Special Committee and the Board of Directors, the Company has sufficient cash on hand to pay such costs without adversely affecting our overall liquidity. The Reverse Stock Split will require a restatement of the Company's earnings per share and book value.

The total number of fractional shares to be purchased is estimated to be approximately 14,400 at a total cost of approximately \$360,000. However, we anticipate requesting that brokers provide us with contact information for all beneficial owners of our Common Stock in order for us to solicit proxies from these holders directly and, depending on the outcome of this solicitation, we estimate that the aggregate amount to be paid to all shareholders for their resulting fractional shares could cost an additional \$360,000 to \$370,000. The cost of the Reverse Stock Split will come from the Company's available cash balances.

The total professional expenses incurred or estimated to be incurred in connection with the Reverse Stock Split is \$215,200 which is comprised of approximately \$75,000 in legal fees, \$75,000 in financial advisory fees, \$200 in filing fees, \$10,000 in transfer agent fees, \$5,000 in printing and mailing costs, and \$50,000 in miscellaneous expenses and disbursements.

Effect on Market for Shares and Liquidity. The Company estimates that the number of shares of Common Stock outstanding after the Reverse Stock Split Amendment, if effected, will be approximately 24,949 shares in the hands of

approximately 125 shareholders of record and approximately 18,951 held by approximately 37 brokers.

Except for the issuance of Class B Common Stock to shareholders remaining after the Reverse Stock Split Amendment, the Company has no current plans to issue additional shares of stock, but the Company

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reserves the right to do so at any time and from time to time at such prices and on such terms as the Board determines to be in the best interests of the Company and its then shareholders. Persons who continue as shareholders following implementation of the Reverse Stock Split Amendment will not have any preemptive or other preferential rights to purchase any of the Company's stock that may be issued by the Company in the future, unless such rights are specifically granted to such shareholders.

Termination of Exchange Act Registration. The Reverse Stock Split Amendment will affect the public registration of the Common Stock with the SEC under the Exchange Act, as the Company intends to terminate this registration as soon as practicable after approval and filing of the Reverse Stock Split Amendment assuming the Common Stock is no longer held by 300 or more shareholders of record at this time. Termination of registration of the Common Stock under the Exchange Act would substantially reduce the information required to be prepared, mailed and furnished by the Company to its shareholders and to the SEC and would make certain provisions of the Exchange Act, such as proxy statement disclosure in connection with shareholder meetings and the related requirement of an annual report to shareholders, no longer applicable to the Company.

With respect to the executive officers and directors of the Company, in the event of the intended termination of registration of the Common Stock under the Exchange Act, executive officers, directors and other affiliates would no longer be subject to many of the reporting requirements and restrictions of the Exchange Act, including without limitation the reporting and short-swing profit provisions of Section 16 thereof. Upon termination of Exchange Act registration, the Company will continue to be subject to the general anti-fraud provisions of Federal and applicable state securities laws.

FAIRNESS OF THE REVERSE STOCK SPLIT

The Special Committee and the Board of Directors fully considered and reviewed the terms, purpose, alternatives and effects of the Reverse Stock Split, and each has unanimously determined that the Reverse Stock Split Amendment is procedurally and substantively fair to all shareholders of the Company, including the unaffiliated shareholders who will receive cash consideration in the Reverse Stock Split and unaffiliated shareholders who will continue as owners of the Company. The Board of Directors has unanimously approved the Reverse Stock Split Amendment and recommends that shareholders vote FOR approval of the Reverse Stock Split Amendment.

Substantive Fairness. The Special Committee and the Board of Directors considered, among other things, the factors listed below, as well as the alternatives to the Reverse Stock Split as noted above in Alternatives to the Reverse Stock Split in reaching their conclusions as to the substantive fairness of the Reverse Stock Split Amendment to our shareholders, including both unaffiliated shareholders whose shares will be cashed-out as part of the Reverse Stock Split Amendment and unaffiliated shareholders who will continue as shareholders after the Reverse Stock Split Amendment. The Special Committee and the Board of Directors did not assign specific weight to any factors they considered, nor did they apply them in a formulaic fashion, although they particularly noted the cost and time savings for the Company resulting from the Reverse Stock Split Amendment which will benefit continuing shareholders. The discussion below is not meant to be exhaustive, but we believe includes all material factors considered by the Special Committee and the Board of Directors in their determinations.

Future Cost and Time Savings. The direct, out-of-pocket costs resulting from our reporting and other obligations under the Exchange Act, the Sarbanes-Oxley Act, and the AMEX rules were approximately \$224,000 in fiscal 2007 and we expect these costs to be approximately \$259,000 in fiscal 2008 and fiscal 2009. By eliminating certain of these direct and indirect costs, the Company ultimately expects to realize recurring annual cost savings of approximately \$170,000. In addition, the Special Committee and the Board of Directors noted that the Company would eliminate the time and effort currently spent by the Company's management to prepare and review the reports it files with the SEC under the Exchange Act and the Sarbanes-Oxley Act, and

after the Reverse Stock Split Amendment, management and our other employees will be able to reallocate this time and effort to other areas of our businesses and operations.

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Opportunity to Liquidate Shares of Common Stock. The Special Committee and Board of Directors considered the opportunity the Reverse Stock Split Amendment presents for shareholders owning fewer than 75 shares to liquidate their holdings, without incurring brokerage costs. The Special Committee and the Board of Directors also considered the fact that the \$25.00 per share price to be paid for fractional shares represents a premium of approximately 11% over the closing price of the Common Stock on July 28, 2008, the date prior to approval of the Reverse Stock Split by the Board of Directors.

Limited Liquidity for the Company's Common Stock. The Special Committee and the Board of Directors noted that the trading volume in our Common Stock has been, and continues to be, relatively limited. The average daily trading volume of the stock from July 1, 2007 to June 30, 2008 was approximately 1,401 shares per day. During that period, however, there were 252 trading days out of which, on 100 of those days our Common Stock did not trade at all. Accordingly, the Reverse Stock Split Amendment provides a large number of our record holders and beneficial holders with the opportunity to obtain cash for their shares in a relatively limited trading market. With respect to the continuing shareholders, the Special Committee and Board noted that any effect of the Reverse Stock Split Amendment on their liquidity may be mitigated due to the fact that the Class A Common Stock may be listed on the OTCQX, and our Class B Common Stock to be issued in connection with the Class B Stock Authorization would be freely convertible into an equal number of shares of our Class A Common Stock.

Current and Historical Prices. The Special Committee and the Board of Directors considered the historical market prices and the recent trading activity and current market prices of our Common Stock. For the one-year period between June 30, 2007 and June 30, 2008, our share price has ranged from \$17.45 to \$32.85 with the high occurring in the 3rd quarter of 2007 and the low in the 2nd quarter of 2008. On July 28, 2008, the date prior to the Board of Directors approving the Reverse Stock Split, the closing price of the Common Stock was \$22.42 per share.

Net Book Value and Liquidation Value. While McFarland Dewey & Co., LLC, reviewed the net book value of the Common Stock, none of McFarland Dewey & Co., LLC, the Special Committee or the Board of Directors viewed it as being relevant for the fair value to be paid to shareholders for fractional shares resulting from the Reverse Stock Split. Net book value is based on the historical cost of our assets. The value of items, such as our positive business reputation and goodwill, particularly since we will continue as a going concern, are not included in a determination of net book value. In addition, while McFarland Dewey & Co., LLC, considered a liquidation analysis, it determined that it also had no relevance in light of the fact that we will remain as a continuing business and the Reverse Stock Split will not result in a change of control of the Company.

Opinion of the Financial Advisor. The Special Committee and the Board of Directors considered a valuation report dated June 24, 2008 and opinion dated July 29, 2008 issued by McFarland Dewey & Co., LLC, confirmed by letter dated September 18, 2008, to the effect that, the cash payment of \$25.00 per fractional share to be received by the unaffiliated shareholders of the Company, which consists of those whose fractional shares would be paid for in cash from the Company as part of the Reverse Stock Split, is fair, from a financial point of view, to such shareholders. For more information about the opinion, you should read the discussion below under Reports, Appraisals and Negotiations and a copy of the opinion of McFarland Dewey & Co., LLC attached as Appendix A to this proxy statement.

No Firm Offers. The Special Committee and the Board of Directors is not aware of any firm offers during the past two years by any unaffiliated person for the merger or consolidation of the Company, the sale or other transfer of all or any substantial part of the assets of the Company, or a purchase of our shares of Common Stock or other securities that would enable the holder to exercise control of the Company.

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Disadvantages of the Reverse Stock Split. The Special Committee and the Board of Directors also considered the disadvantages of the Reverse Stock Split, including that:

No Participation in Future Growth by Cashed Out Shareholders. Shareholders whose shares will be cashed-out in the Reverse Stock Split will no longer have any ownership interest in the Company and will no longer participate in our future earnings and growth.

Possible Reduction in Information about the Company. After completion of the Reverse Stock Split, provided that there are less than 300 shareholders of record, we will cease to file annual, quarterly, current, and other reports and documents with the SEC. As a result continuing shareholders will have access to less information about the Company and our business, operations, and financial performance. In order to mitigate this disadvantage to our continuing shareholders, we will continue to maintain certain corporate governance measures for a period of at least five years, provided that there are unaffiliated shareholders during such period. These measures include making publicly available to our continuing shareholders annual audited and quarterly unaudited financial statements, and, on an annual basis, providing disclosure in accordance with applicable SEC rules for smaller reporting companies regarding the Company's executive compensation, the names of holders of 5% or more of the Company's capital stock, ownership of the Company's capital stock by directors and executive officers and dividend history. The Company will also maintain a majority of independent directors and an independent audit committee of the Board of Directors. In determining the ownership of the Company's capital stock, we will rely on the records of our transfer agent.

Possible Limited Liquidity. The liquidity of our Common Stock could be adversely impacted by the smaller number of shareholders that we will have after the Reverse Stock Split. Furthermore, in connection with the Reverse Stock Split (regardless of whether the Company is able to deregister the Common Stock under the Exchange Act) and in order to facilitate the Class B Stock Authorization, we will no longer be listed on the AMEX. However, we will make application for our Class A Common Stock to be listed on the OTCQX following deregistration of the Common Stock. While delisting of our Common Stock from the AMEX could adversely impact the liquidity of our Common Stock, given the limited trading volume of our Common Stock in recent years, we do not believe that delisting from the AMEX will have any substantial impact on the liquidity of our Common Stock, especially if our Class A Common Stock is approved for trading on the OTCQX. In addition, because of the suspension of our obligation to publicly disclose financial and other information following the Reverse Stock Split, and the deregistration of our Common Stock under the Exchange Act, continuing shareholders could experience a decrease in the value of their Common Stock.

Limited Oversight. After completion of the Reverse Stock Split, we will no longer be subject to the provisions of the Sarbanes-Oxley Act, the liability provisions of the Exchange Act or the oversight of the AMEX.

Reporting Obligations of Certain Insiders. Our executive officers, directors and 5% shareholders will no longer be required to file reports relating to their transactions in our Common Stock with the SEC. In addition, our executive officers, directors and 10% shareholders will no longer be subject to the recovery of profits provision of the Exchange Act, and persons acquiring 5% of our Common Stock will no longer be required to report their beneficial ownership under the Exchange Act.

Filing Requirements Reinstated. The filing of the Form 15 will result in the suspension and not the termination of our filing obligations under the Exchange Act. This suspension remains in effect so long as we have fewer than 300 shareholders of record. Thus, subsequent to the time the Form 15 becomes effective, if on the first day of any fiscal year we have more than 300 shareholders, then we must resume reporting pursuant to Section 12(g) of the Exchange Act.

No Appraisal Rights. Under Rhode Island law, our articles of incorporation and our bylaws, no appraisal or dissenters' rights are available to our shareholders who dissent from the Reverse Stock Split Amendment.

Approval of the Reverse Stock Split Amendment. Mr. Eder, the Chairman of the Board of Directors and President and Chief Operating Officer of the Company, has indicated that he intends to vote the

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shares of our Common Stock beneficially owned by him FOR the Reverse Stock Split Amendment. Accordingly, if Mr. Eder votes his shares as he currently intends, the Reverse Stock Split Amendment will be approved regardless of how unaffiliated shareholders vote their shares. Shareholders holding fewer than 75 shares will be cashed-out even if such shareholders wished to retain their interest in the Company.

Procedural Fairness. No unaffiliated representative acting solely on behalf of our unaffiliated shareholders for the purpose of negotiating the terms of the Reverse Stock Split or preparing a report covering the fairness of the Reverse Stock Split was retained by the Company, nor were special provisions made to grant unaffiliated shareholders access to our corporate files or to obtain counsel or appraisal services. The Board of Directors established the Special Committee to consider possible alternatives to the Reverse Stock Split, the related advantages and disadvantages to the Company and its shareholders of each of those alternatives, the fairness of the price to be paid to shareholders being cashed-out in the Reverse Stock Split, and to make a recommendation to the full Board of Directors concerning the advisability of the alternatives considered. The Board of Directors believes that the Special Committee, whose members are each independent within the meaning of Rule 121A of the AMEX Company Guide and Section 10A-3(b) of the Exchange Act, was sufficient to protect the interests of unaffiliated shareholders. In addition, the Special Committee and the Board of Directors took note of the fact that the interests of unaffiliated shareholders inherently varied depending upon whether any particular unaffiliated shareholder held at least 75 shares or held fewer than 75 shares. The Special Committee and the Board of Directors each believe that the separate representatives and advisors for each of these classes would have provided no measurable additional protection to unaffiliated shareholders.

The Special Committee and the Board of Directors also noted that this proxy statement, along with our other filings with the SEC, provide a great deal of information for unaffiliated shareholders to make an informed decision as to the Reverse Stock Split, and that no special provision for the review of our files was necessary. The Special Committee and the Board of Directors noted, however, that subject to certain conditions, Rhode Island law already provides shareholders the right to review our books and records.

The Special Committee and the Board of Directors determined not to condition the approval of the Reverse Stock Split Amendment on approval by a majority of unaffiliated shareholders. The Special Committee and the Board of Directors noted that affiliated and unaffiliated shareholders will be treated equally in the Reverse Stock Split. If separate approval of unaffiliated shareholders were required, our affiliated shareholders would receive lesser voting rights than unaffiliated shareholders solely on the basis of their affiliate status even though they will receive no additional benefits or different treatment in the Reverse Stock Split, and that any such requirement would prevent a majority of the outstanding shares of our Common Stock from participating in the consideration of the Reverse Stock Split Amendment. Furthermore, a vote of the majority of unaffiliated shareholders is not required under Rhode Island law. Finally, shareholders can increase, divide or otherwise adjust their existing holdings at any time prior to the effective date of the Reverse Stock Split Amendment, so as to retain some or all of their shares of Common Stock, or to receive cash for some or all of their shares, as they see fit.

Finally, the Special Committee and the Board of Directors have also required that we implement or maintain certain corporate governance measures and other shareholder protections for a minimum of five years following the Reverse Stock Split provided that there are unaffiliated shareholder during such period. These measures and protections are intended to provide continuing shareholders with financial and other information about us, and to mitigate the impact that the Reverse Stock Split Amendment may have on the liquidity of our shares of Common Stock. These measures include making publicly available to our continuing shareholders annual audited and quarterly unaudited financial statements, and, on an annual basis, providing disclosure in accordance with applicable SEC rules for smaller reporting companies regarding the Company's executive compensation, the names of holders of 5% or more of the Company's capital stock, ownership of the Company's capital stock by directors and executive officers and dividend history. The Company will also maintain a majority of independent directors and an independent audit committee of

the Board of Directors. In determining the ownership of the Company's capital stock, we will rely on the records of our transfer agent. Furthermore, we will make application for the listing of the Class A Common Stock on the OTCQX following delisting of the Common Stock from the AMEX. Under the rules of the OTCQX, we will be required to have

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quarterly and annual financial reports posted on OTCQX.com or EDGAR if we are unable to deregister under the Exchange Act. All annual reports must be audited and prepared in accordance with US GAAP. Furthermore, in order to list our Class A Common Stock on the OTCQX, we will be required to appoint a Designated Advisor for Disclosure, which advisor must issue a letter upon us making application for listing on the OTCQX and annually thereafter to Pink OTC Markets Inc. confirming that we have made adequate current information publicly available and meet the tier inclusion requirements of the OTCQX. These protections, however, are not intended to restrict or otherwise prohibit any merger, consolidation, sale of all or substantially all of our assets, or similar extraordinary transaction during that period. We have no present plans or proposals for any such transaction, however, and our intent is to operate our business after the Reverse Stock Split substantially as it is currently conducted.

Recommendation of the Special Committee. Based on the foregoing analyses, including a consideration of the disadvantages of the Reverse Stock Split, the Special Committee believes that the Reverse Stock Split is procedurally and substantively fair to all shareholders, including the unaffiliated shareholders, regardless of whether a shareholder receives cash or continues to be a shareholder following the Reverse Stock Split, and believes the cash amount to be fair consideration for those shareholders holding less than 75 shares. As a result, the Special Committee unanimously recommended the Reverse Stock Split Amendment to the full Board of Directors.

Recommendation of the Board of Directors. At a meeting held on July 29, 2008, the Board of Directors unanimously determined that the Reverse Stock Split is fair to, and in the best interests of, the Company and its shareholders, including all unaffiliated shareholders, unanimously approved the Reverse Stock Split Amendment and recommends that you vote FOR approval of the Reverse Stock Split Amendment. In reaching its determination and recommendation, the Board of Directors considered and specifically adopted the recommendations of the Special Committee and the factors that the Special Committee took into account in making its recommendations to the full Board of Directors. At its meeting on September 18, 2008, the Board of Directors affirmed their recommendation that shareholders vote FOR approval of the Reverse Stock Split Amendment.

Position of Mr. and Mrs. Eder Regarding Fairness of Reverse Stock Split. Mr. and Mrs. Eder believe that the Reverse Stock Split is substantively and procedurally fair to the unaffiliated shareholders based upon their knowledge of the Company, as well as the factors considered by, and the findings of, the Special Committee and the Board of Directors with respect to the fairness of the Reverse Stock Split to such unaffiliated shareholders. In particular, Mr. and Mrs. Eder noted that the per share cash-out price of \$25.00 to be paid for fractional shares resulting from the Reverse Stock Split represents a premium of 8% over the closing price of the Common Stock on the last trading day prior to the filing of the Company's preliminary proxy statement regarding the Reverse Stock Split. In addition, Mr. and Mrs. Eder considered the fact that the Company received an opinion from McFarland Dewey & Co., LLC to the effect that the cash payment of \$25.00 per fractional share to be received by the unaffiliated shareholders of the Company is fair, from a financial point of view, to such shareholders (see Special Factors Reports, Appraisals and Negotiations.).

Mr. and Mrs. Eder also agree with the analysis and conclusions of the Special Committee and the Board of Directors based on the reasonableness of such analysis and conclusions, which they each adopt (see Special Factors Reasons and Effects of Reverse Stock Split Amendment). In particular, Mr. and Mrs. Eder believe that the substantive and procedural factors described above under Special Factors Fairness of Reverse Stock Split support their conclusion that the transaction is substantively and procedurally fair, despite the absence of a requirement that a majority of unaffiliated shareholders approve the merger, because (i) the Special Committee is composed of independent directors, (ii) the Special Committee retained an independent financial advisor to assist in its representation of the unaffiliated shareholders and (iii) the Special Committee conducted an extensive process and evaluated alternatives to the Reverse Stock Split, including maintaining the status quo.

Due to the fact that Mr. Eder is Chairman, President and Chief Executive Officer of the Company and Mrs. Eder is Mr. Eder's spouse, and because of their ownership of a majority of the Company's outstanding Common Stock,

Mr. Eder did not serve on the Special Committee or partake in the Special Committee s

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evaluation of the Reverse Stock Split. For these reasons, Mr. and Mrs. Eder do not believe that they influenced the determination of the Special Committee with respect to the Reverse Stock Split.

REPORTS, APPRAISALS AND NEGOTIATIONS

On May 22, 2008, the Board of Directors retained McFarland Dewey & Co., LLC to act as its financial advisor and to render an opinion with respect to the fairness, from a financial point of view, of the cash payment of per fractional share to be received by the unaffiliated shareholders of the Company, which consists of those whose fractional shares would be paid for in cash from the Company as part of the Reverse Stock Split (Opinion). In requesting this fairness opinion, the Board of Directors did not give any special instructions or impose any limitations upon the scope of the investigations deemed necessary to enable McFarland Dewey & Co., LLC to deliver the Opinion. McFarland Dewey & Co., LLC is an investment banking firm which was formed in 1989. It has served public and private companies, multinational corporations, entrepreneurs, family-owned businesses, management groups and government entities by providing independent advice on mergers, acquisitions, divestitures and recapitalizations. McFarland Dewey & Co., LLC also assists in raising capital for its clients as well as securing venture or development capital for a limited number of clients. There has been no material relationship between the Company and McFarland Dewey & Co. LLC during the past two years.

On July 29, 2008, McFarland Dewey & Co., LLC delivered the Opinion to the Special Committee. On September 18, 2008, McFarland Dewey & Co., LLC confirmed the Opinion as delivered on July 29, 2008.

In performing their analysis for purposes of the Opinion, McFarland Dewey & Co., LLC:

Reviewed the terms and conditions of the Reverse Stock Split;

Reviewed publicly available financial information and other data with respect to the Company, including the Form 10-K s for the fiscal years ended December 31, 2002 through 2007 and the Form 10-Q for March 31, 2008, as well as certain other public filings made;

Reviewed certain informal information and other data relating to the business and financial prospects of the Company;

Conducted an on-site visit and held discussions with the senior management regarding the historic, current, and future outlook of the Company;

Discussed with management its plans with respect to possibly becoming taxed as a REIT in the future;

Reviewed financial and operating information with respect to certain publicly-traded companies in businesses they believed to be comparable in certain aspects to the businesses of the Company;

Performed a study of a range of discounted present values of projected possible operating cash flow of the Company over the next 10 years;

Analyzed historic trading prices and volumes in the Common Stock over the past five years;

Analyzed some other recent reverse and forward split transaction and premiums paid in such transactions as fractional share consideration;

Reviewed the annual cost savings projected by management that might be achieved through delisting and deregistration; and

Performed other financial studies, analyses and investigations and considered such other information, as they deemed necessary or appropriate.

Based on the foregoing and other factors and assumptions as set forth in the Opinion, it was the opinion of McFarland Dewey & Co., LLC that the cash payment of \$25.00 per fractional share to be received by the unaffiliated shareholders of the Company, which consists of those whose fractional shares would be paid for in cash from the Company as part of the Reverse Stock Split, is fair, from a financial point of view, to such shareholders. The \$25.00 per share price to be paid for fractional shares resulting from the Reverse Stock Split

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was determined by McFarland Dewey & Co., LLC as part of their evaluation of the Reverse Stock Split. A copy of the Opinion, along with the confirmation letter from McFarland Dewey & Co., LLC is attached as Appendix A hereto and should be read in its entirety by the Company's shareholders.

The Board of Directors has relied on the Opinion in reaching its determination that the Reverse Stock Split is fair to the unaffiliated shareholders.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

The Common Stock is traded on the AMEX, symbol CPI. The following table shows the high and low trading prices for the Common Stock during the quarterly periods indicated as obtained from the AMEX, together with dividends paid per share during such periods.

	Trading Prices		Dividends
	High	Low	Paid
2008			
1st Quarter	23.50	17.75	.06
2nd Quarter	22.00	17.45	.06
3rd Quarter	[]	[]	[]
2007			
1st Quarter	24.21	21.81	.05
2nd Quarter	24.20	21.00	.05
3rd Quarter	32.85	23.50	.06
4th Quarter	25.55	23.05	.06
2006			
1st Quarter	32.00	27.50	.03
2nd Quarter	33.30	29.27	.03
3rd Quarter	29.74	23.50	.04
4th Quarter	24.70	22.60	.04

As of the date hereof, there were approximately 370 holders of record of the Common Stock. The Reverse Stock Split is estimated to reduce the number of shareholders of record of the Company to approximately 125. See "Fairness of the Reverse Stock Split" above for a discussion of the determination of a fair price for fractional shares.

EXCHANGE OF CERTIFICATES AND PAYMENT FOR FRACTIONAL SHARES

If the shareholders approve the Reverse Stock Split Amendment, the Company will file the Reverse Stock Split Amendment effecting the Reverse Stock Split with the Secretary of State of the State of Rhode Island with the Reverse Stock Split Amendment to be effective the next business day following such filing (the "Effective Date"). The Reverse Stock Split Amendment will be filed as part of the Company's amended and restated Articles of Incorporation to be filed in connection with the Class B Stock Authorization, as described below, if the proposal relating to the Class B Stock Authorization is approved by shareholders.

Within 30 days of the Effective Date, each holder of an outstanding certificate theretofore representing Common Stock will receive from American Stock Transfer & Trust Company as the Company's transfer agent (the "Exchange Agent") instructions for the surrender of such certificate to the Exchange Agent. The instructions will include a Letter of Transmittal to be completed and returned to the Exchange Agent with such certificate. Within 30 days after the

surrender to the Exchange Agent of any certificate which represented shares of Common Stock prior to the Reverse Stock Split, together with a duly executed Letter of Transmittal and any other documents the Exchange Agent may specify, the Exchange Agent shall deliver to the person in whose name such certificates have been issued, (i) certificates registered in the name of such person representing the number of full shares of Class A Common Stock into which the shares of Common Stock prior to the Reverse Stock Split represented by the surrendered certificate shall have been reclassified, and/or (ii) cash for fractional shares. Until surrendered as contemplated by the preceding sentence, each certificate

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which represented shares of Common Stock shall be deemed at and after the Effective Date to represent the number of full shares of Class A Common Stock following the Reverse Stock Split or to represent fractional shares to be purchased by the Company as explained below.

For the purpose of determining ownership of the Common Stock at the Effective Date, shares will be considered to be held by the person in whose name those shares are registered in the stock records of the Company, regardless of the beneficial ownership of those shares. No service charges, brokerage commissions or transfer taxes shall be payable by any holder of any certificate which prior to the approval and filing of the Reverse Stock Split Amendment represented any shares of Common Stock, except that if any certificates for Class A Common Stock following the Reverse Stock Split are to be issued in a name other than that in which the certificates for shares of Common Stock surrendered are registered, it shall be a condition of such issuance that (i) the person requesting such issuance pay to the Company any transfer taxes payable by reason thereof (or prior transfer of such surrendered certificate, if any) or establish to the satisfaction of the Company that such taxes have been paid or are not payable, and (ii) such surrendered certificate shall be properly endorsed and otherwise be in proper form for transfer.

No certificates or scrip representing fractional shares of Common Stock shall be issued in connection with the Reverse Stock Split. Instead, shareholders holding a number of shares of Common Stock not evenly divisible by 75, and shareholders holding less than 75 shares of Common Stock prior to the Reverse Stock Split, within 30 days of surrender of their old certificates, will receive cash in lieu of fractional shares of Common Stock. Surrendering shareholders will not receive interest on their cash payments.

Shareholders should not surrender any certificates representing Common Stock until requested to do so by the Exchange Agent pursuant to a letter of transmittal as described above.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF REVERSE STOCK SPLIT

The following discussion describes certain material U.S. Federal income tax considerations relating to the Reverse Stock Split. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), existing and proposed regulations thereunder, legislative history, judicial decisions and current administrative rulings and practices, all as amended and in effect on the date hereof. Any of these authorities could be repealed, overruled, or modified at any time. Any such change could be retroactive and, accordingly, could cause the tax consequences to vary substantially from the consequences described herein. No ruling from the Internal Revenue Service (the IRS) with respect to the matters discussed herein has been requested, and there is no assurance that the IRS would agree with the conclusions set forth in this discussion.

This discussion may not address certain Federal income tax consequences that may be relevant to particular shareholders in light of their personal circumstances (such as persons subject to the alternative minimum tax) or to certain types of shareholders (such as dealers in securities, insurance companies, foreign individuals and entities, financial institutions and tax-exempt entities) who may be subject to special treatment under the Federal income tax laws. This discussion also does not address any tax consequences under state, local or foreign laws.

SHAREHOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT FOR THEM, INCLUDING THE APPLICABILITY OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, CHANGES IN APPLICABLE TAX LAWS AND ANY PENDING OR PROPOSED LEGISLATION.

The Reverse Stock Split will not result in recognition of gain or loss to shareholders of the Company, except to the extent a shareholder receives cash in lieu of fractional shares. The adjusted tax basis of the shareholder's Common Stock following the Reverse Stock Split will be the same as the shareholder's adjusted tax basis in the Common Stock

prior to the Reverse Stock Split. The holding period of Class A Common Stock after the Reverse Stock Split will include the shareholder's holding in the Common Stock prior to the Reverse Stock Split. No gain or loss will be recognized by the Company upon the Reverse Stock Split.

Shareholders who receive cash in lieu of fractional shares as a result of the Reverse Stock Split will be treated as receiving cash as payment in exchange for their fractional shares of Common Stock, and they will

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recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the adjusted tax basis of the fractional shares surrendered for cash.

The Reverse Stock Split will have no Federal income tax consequences for the Company.

APPRAISAL RIGHTS AND DISSENTERS' RIGHTS

No appraisal or dissenters' rights are available under Rhode Island law to shareholders who dissent from the Reverse Stock Split Amendment. There may exist other rights or actions under Rhode Island law or Federal or state securities laws for shareholders who can demonstrate that they have been damaged by the Reverse Stock Split. Such causes of action are generally based on alleged breaches of directors' fiduciary responsibility or the adequacy of corporate disclosure.

Board of Directors Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE REVERSE STOCK SPLIT AMENDMENT.

PROPOSAL 2

CLASS B STOCK AUTHORIZATION

On July 29, 2008 the Board of Directors voted to propose and recommend approval of an amendment to our Articles of Incorporation to authorize the creation of 300,000 shares of Class B Common Stock, \$.01 par value per share, and 1,000,000 shares of Excess Common Stock, par value \$.01 per share (the "Excess Stock"). If the creation of the Class B Common Stock per the Class B Stock Authorization is approved, the change will become effective upon the filing of an amendment and restatement to the Company's Articles of Incorporation with the Secretary of State of the State of Rhode Island in substantially the form of Appendix B attached hereto (the "Amended and Restated Articles"). Following the filing of the Amended and Restated Articles and the exchange of certificates for fractional shares as provided above, the Board of Directors intends to declare a dividend of one share of Class B Common Stock for every one share of our Class A Common Stock held by each record holder thereof. In connection with the Reverse Stock Split (regardless of whether the Company is able to deregister the Common Stock under the Exchange Act) and in order to facilitate the Class B Stock Authorization the Company will delist its shares of Class A Common Stock from AMEX.

PURPOSE OF THE CLASS B STOCK AUTHORIZATION

The purpose of the Class B Stock Authorization is to establish a capital structure whereby Mr. and Mrs. Eder will consider a reduction in their percentage ownership of the Company's Common Stock so that we could elect to qualify as a REIT. One of the qualifications to be taxed as a REIT is that no more than 50% of the shares of a company can be held by five or fewer individuals during the last half of each taxable year. Currently, Mr. and Mrs. Eder control 52.3% of our Common Stock and three other shareholders own more than 5% of our Common Stock. In order for the Company to qualify to be taxed as a REIT, Mr. and Mrs. Eder's ownership of our issued and outstanding Common Stock would need to be reduced below the 50% level. Mr. and Mrs. Eder are willing to consider a substantial reduction in their ownership of our Common Stock in order for the Company to qualify as a REIT. However, in doing so, Mr. and Mrs. Eder have indicated that they wish to maintain the power to elect a majority of the Company's Board of Directors. Under the terms of the Class B Stock Authorization, the holders of the Class B Common Stock have the right to elect two-thirds of the Board of Directors. Given that Mr. and Mrs. Eder would own over 50% of the Class B Common Stock following the Class B Stock Authorization, Mr. and Mrs. Eder could sell enough shares of their Class A Common Stock to bring their percentage ownership significantly below the 50% threshold while maintaining

the right to elect a majority of the Company's Board of Directors. There is no assurance that Mr. and Mrs. Eder will commit or be able to dispose of a sufficient number of shares to permit the Company to elect to be taxed as a REIT.

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CURRENT CLASS OF COMMON STOCK

The Company currently has a single class of issued Common Stock outstanding. As of the Record Date, there were a total of 3,299,956 shares of our Common Stock outstanding. If the Reverse Stock Split Amendment is approved, we anticipate that 43,650 shares of Class A Common Stock will be outstanding following the Reverse Stock Split. There will be no change to the number of shares of Class A Common Stock authorized for issuance under our Articles of Incorporation, which currently consists of 6,000,000 shares of Class A Common Stock.

DESCRIPTION OF CLASS B COMMON STOCK

The Class B Stock Authorization will create Class B Common Stock consisting of 300,000 authorized shares, \$.01 par value per share. The holders of the Class B Common Stock will be entitled to elect two-thirds of our Board of Directors and, except for the election of directors, the Class A and Class B Common Stock will vote together as a single class on all matters required to be submitted to the shareholders for approval. The holders of the Class B Common Stock will also be entitled to receive dividends on the same basis as declared by the Company with respect to the Class A Common Stock. Furthermore, shares of our Class B Common Stock would be freely convertible at any time into an equal number of shares of our Class A Common Stock.

The Class B Stock Authorization contains a restriction on transfers of the Class A and Class B Common Stock that would (i) result in the Company having greater than 300 shareholders, (ii) result in the Company having less than 120 shareholders or would otherwise cause the disqualification of the Company as a REIT, or (iii) result in any shareholder in the future acquiring greater than 5% of the aggregate number and value of the Class A and Class B Common Stock, or if already having 5% or greater interest, from acquiring more shares.

Upon filing of the Reverse Stock Split Amendment, and assuming approval of the Class B Stock Authorization by shareholders, the Company will file the amendment regarding the creation of the Class B Common Stock. After the filing of the amendment, the Board of Directors will declare a dividend whereby each shareholder remaining after the Reverse Stock Split would be entitled to receive one share of Class B Common Stock for every one share of Class A Common Stock held by such shareholder following the Reverse Stock Split.

The Board of Directors, without any further action by the shareholders, would be able to issue the Class B Common Stock up to the amount of authorized but unissued shares of Class B Common Stock after giving effect to the Class B Stock Authorization for such purposes and for such consideration as it, subject to applicable restrictions set forth in the Company's By-laws, may determine. The Class B Common Stock will be issued at the same time as the Class A Common Stock if the Reverse Stock Split Amendment is approved.

DESCRIPTION OF EXCESS STOCK

Pursuant to the Class B Stock Authorization, holders of the Excess Stock will not have any voting rights and will not be entitled to any dividends declared by the Company. In addition, Excess Stock will not be transferable by any shareholder.

If, at any time after issuance of the Class B Common Stock, certain share ownership limitations as described above under Description of Class B Common Stock would be exceeded by a shareholder, the amount of such person's Class A Common Stock that is necessary to bring such person's share ownership below the share ownership limitations would convert automatically to an equivalent number of shares of Excess Stock. If there is not a sufficient number of shares of Class A Common Stock to bring such person's share ownership below the share ownership limitations, then such person's Class B Common Stock would automatically convert to Excess Stock, in an amount necessary to fall within such limitations.

If there is an event resulting in the conversion of Class A or Class B Common Stock to Excess Stock, all shares of Excess Stock would

733,726

\$
(209,055
)

\$
591,795

\$
1,116,573

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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CLEAN HARBORS, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

The accompanying consolidated interim financial statements are unaudited and include the accounts of Clean Harbors, Inc. and its subsidiaries (collectively, "Clean Harbors," the "Company" or "we") and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and, in the opinion of management, include all adjustments which are of a normal recurring nature, necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. Management has made estimates and assumptions affecting the amounts reported in the Company's consolidated interim financial statements and accompanying footnotes, actual results could differ from those estimates and judgments. The results for interim periods are not necessarily indicative of results for the entire year or any other interim periods. The financial statements presented herein should be read in connection with the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, which includes the audited consolidated balance sheet as of December 31, 2015 from which the one presented herein was derived.

(2) SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 2, "Significant Accounting Policies," in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes in these policies or their application.

Recent Accounting Pronouncements

Standards implemented

In February 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2015-02, Consolidation (Topic 810). The amendment provides guidance regarding amendments to the consolidation analysis. The adoption of ASU 2015-02 as of January 1, 2016 did not have an impact on the Company's consolidated financial statements.

In September 2015, FASB issued ASU 2015-16, Business Combinations (Topic 805). The amendment provides guidance to simplify the accounting for adjustments made to provisional amounts recognized in a business combination. This amendment eliminates the requirement to retrospectively account for those adjustments. The adoption of ASU 2015-16 as of January 1, 2016 did not have an impact on the Company's consolidated financial statements.

Standards to be implemented

The Company is currently evaluating the impact that the below standards to be implemented will have on the Company's consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). The amendment increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this update are effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2018.

In March 2016, FASB issued ASU 2016-08, Revenue from Contracts with Customers (Topic 606). ASU 2016-08 reduces the potential for diversity in practice arising from inconsistent application of the principal versus agent guidance, as well as the cost and complexity of applying Topic 606 both at transition and on an ongoing basis. The effective date and transition requirements for the amendments in this update are the same as the effective date and transition requirements of Update 2014-09, Revenue from Contracts with Customers (Topic 606).

In March 2016, FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718). The amendment simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The amendments in this update are effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016.

In April 2016, FASB issued ASU 2016-10, Revenue from Contracts with Customers (Topic 606). ASU 2016-10 reduces the potential for diversity in initial application, as well as the cost and complexity of applying Topic 606 both at transition and on an

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ongoing basis. The effective date and transition requirements for the amendments in this update are the same as the effective date and transition requirements of Update 2014-09, Revenue from Contracts with Customers (Topic 606).

(3) BUSINESS COMBINATIONS**2016 Acquisition**

On February 3, 2016, the Company purchased an oil re-refinery facility located in Nevada from Vertex Energy, Inc. for a purchase price of \$35.0 million in cash, subject to customary post-closing adjustments. The acquired facility further expands the Company's re-refinery network within its Kleen Performance Products segment.

2015 Acquisitions**Thermo Fluids Inc.**

On April 11, 2015, the Company completed the acquisition of Heckmann Environmental Services, Inc. ("HES") and Thermo Fluids Inc. ("TFI"), a wholly-owned subsidiary of HES. The acquisition was accomplished through a purchase by Safety-Kleen, Inc., a wholly-owned subsidiary of the Company, of all of the issued and outstanding shares of HES from Nuverra Environmental Solutions, Inc. HES is a holding company that does not conduct any operations. TFI provides environmental services, including used oil recycling, used oil filter recycling, antifreeze products, parts washers and solvent recycling, and industrial waste management services, including vacuum services, remediation, lab pack and hazardous waste management. The Company acquired TFI for a purchase price of \$79.3 million. The acquisition was financed with cash on hand and expands the Company's environmental services customer base while also complimenting the SK Environmental Services network and presence in the western United States. The amount of revenue from TFI included in the Company's results of operations for the three months ended March 31, 2016 was \$7.8 million. Results of TFI since acquisition have been included within the SK Environmental Services segment.

The allocation of the purchase price was based on estimates of the fair value of assets acquired and liabilities assumed as of April 11, 2015. The Company believes that such information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed. The Company has finalized the purchase accounting for the acquisition of TFI. The impact of the purchase price measurement period adjustments and related tax impacts recorded in the current period was not material to the consolidated financial statements and accordingly the effects have not been retrospectively applied.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at April 11, 2015 (in thousands):

	At acquisition date April 11, 2015	Measurement Period Adjustments	At acquisition date as reported March 31, 2016
Accounts receivable	\$ 7,109	\$ 192	\$ 7,301
Inventories and supplies	1,791	—	1,791
Prepaid and other current assets	1,749	(1,084)	665
Property, plant and equipment	30,468	(2,827)	27,641
Permits and other intangibles	20,000	(1,900)	18,100
Current liabilities	(5,859)	(25)	(5,884)
Closure and post-closure liabilities	(1,676)	(657)	(2,333)
Deferred taxes, unrecognized tax benefits and other long-term liabilities	(13,081)	3,907	(9,174)

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Total identifiable net assets	40,501	(2,394)	38,107
Goodwill	36,591	4,638		41,229
Total	\$ 77,092	\$ 2,244		\$ 79,336

Pro forma revenue and earnings amounts on a combined basis as if TFI had been acquired on January 1, 2015 are immaterial to the consolidated financial statements of the Company since that date.

Other 2015 Acquisition

In December 2015, the Company acquired certain assets and assumed certain defined liabilities of a privately owned company for approximately \$14.7 million in cash. That company specializes in the collection and recycling of used oil filters and

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was a service provider to the SK Environmental Services segment prior to the acquisition. The acquired company has been integrated into the SK Environmental Services segment. In connection with this acquisition a preliminary goodwill amount of \$7.4 million was recognized.

(4) INVENTORIES AND SUPPLIES

Inventories and supplies consisted of the following (in thousands):

	March 31, December 31,	
	2016	2015
Oil and oil products	\$ 36,196	\$ 33,603
Supplies and drums	79,035	78,132
Solvent and solutions	9,026	8,868
Modular camp accommodations	15,438	15,126
Other	15,073	13,792
Total inventories and supplies	\$ 154,768	\$ 149,521

As of March 31, 2016 and December 31, 2015, other inventories consisted primarily of cleaning fluids, such as absorbents and wipers, and automotive fluids, such as windshield washer fluid and antifreeze.

(5) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in thousands):

	March 31, December 31,	
	2016	2015
Land	\$ 101,460	\$ 100,582
Asset retirement costs (non-landfill)	12,188	12,434
Landfill assets	140,792	136,624
Buildings and improvements	353,869	344,209
Camp equipment	158,619	149,361
Vehicles	529,386	500,619
Equipment	1,400,407	1,328,915
Furniture and fixtures	5,477	5,337
Construction in progress	131,894	113,657
	2,834,092	2,691,738
Less - accumulated depreciation and amortization	1,237,220	1,159,271
Total property, plant and equipment, net	\$ 1,596,872	\$ 1,532,467

Interest in the amount of \$1.2 million and \$0.2 million was capitalized to fixed assets during the three months ended March 31, 2016 and March 31, 2015, respectively. Depreciation expense, inclusive of landfill amortization was \$59.3 million and \$57.4 million for the three months ended March 31, 2016 and March 31, 2015, respectively.

(6) GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in goodwill for the three months ended March 31, 2016 were as follows (in thousands):

	Technical Services	Industrial & Field Services	Kleen Performance Products	SK Environmental Services	Lodging Services	Oil and Gas Field Services	Totals
Balance at January 1, 2016	\$ 49,267	\$ 105,286	\$ 49,755	\$ 216,589	\$ 32,208	\$ —	—\$ 453,105
Measurement period adjustment from prior acquisitions	—	—	—	2,095	—	—	2,095
Foreign currency translation and other	(573)	1,351	388	2,170	2,106	—	5,442
Balance at March 31, 2016	\$ 48,694	\$ 106,637	\$ 50,143	\$ 220,854	\$ 34,314	\$ —	—\$ 460,642

The Company assesses goodwill for impairment on an annual basis as of December 31, or at an interim date when events or changes in the business environment would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company conducted the annual impairment test of goodwill for all reporting units as of December 31, 2015 and determined that no adjustment to the carrying value of goodwill for any reporting units was necessary because the fair value of each of the reporting

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units exceeded that reporting unit's respective carrying value. The Company's next annual impairment assessment will be performed as of December 31, 2016 unless indicators arise that would require the Company to re-evaluate at an earlier date.

As of March 31, 2016 and December 31, 2015, the Company's finite-lived and indefinite-lived intangible assets consisted of the following (in thousands):

	March 31, 2016				December 31, 2015			
	Cost	Accumulated Amortization	Net	Weighted Average Remaining Amortization Period (in years)	Cost	Accumulated Amortization	Net	Weighted Average Remaining Amortization Period (in years)
Permits	\$164,160	\$63,179	\$100,981	18.3	\$161,396	\$61,142	\$100,254	19.0
Customer and supplier relationships	379,339	108,612	270,727	9.7	374,866	99,463	275,403	10.1
Other intangible assets	32,856	24,990	7,866	1.3	31,416	22,581	8,835	1.5
Total amortizable permits and other intangible assets	576,355	196,781	379,574	9.6	567,678	183,186	384,492	10.0
Trademarks and trade names	122,958	—	122,958	Indefinite	122,326	—	122,326	Indefinite
Total permits and other intangible assets	\$699,313	\$196,781	\$502,532		\$690,004	\$183,186	\$506,818	

Amortization expense of permits and other intangible assets was \$9.6 million and \$11.0 million for the three months ended March 31, 2016 and March 31, 2015, respectively.

The expected amortization of the net carrying amount of finite-lived intangible assets at March 31, 2016 was as follows (in thousands):

Years Ending December 31,	Expected Amortization
2016 (nine months)	\$29,251
2017	33,936
2018	31,156
2019	28,438
2020	25,719
Thereafter	231,074
	\$379,574

(7) ACCRUED EXPENSES

Accrued expenses consisted of the following at March 31, 2016 and December 31, 2015 (in thousands):

	March 31, December 31,	
	2016	2015
Insurance	\$54,999	\$55,899
Interest	21,864	20,500
Accrued compensation and benefits	40,690	35,646
Income, real estate, sales and other taxes	36,103	37,095
Other	37,936	44,520

\$ 191,592 \$ 193,660

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The changes to closure and post-closure liabilities (also referred to as “asset retirement obligations”) from January 1, 2016 through March 31, 2016 were as follows (in thousands):

	Landfill Retirement Liability	Non-Landfill Retirement Liability	Total
Balance at January 1, 2016	\$ 32,023	\$ 24,226	\$ 56,249
Adjustments during the measurement period related to acquisitions	—	657	657
New asset retirement obligations	621	—	621
Accretion	691	567	1,258
Changes in estimates recorded to statement of operations	(283)	(132)	(415)
Expenditures	(112)	(391)	(503)
Currency translation and other	156	67	223
Balance at March 31, 2016	\$ 33,096	\$ 24,994	\$ 58,090

All of the landfill facilities included in the above were active as of March 31, 2016. There were no significant charges (benefits) in 2016 resulting from changes in estimates for closure and post-closure liabilities.

New asset retirement obligations incurred during the first three months of 2016 were discounted at the credit-adjusted risk-free rate of 6.23%.

(9) REMEDIAL LIABILITIES

The changes to remedial liabilities for the three months ended March 31, 2016 were as follows (in thousands):

	Remedial Liabilities for Landfill Sites	Remedial Liabilities for Inactive Sites	Remedial Liabilities (Including Superfund) for Non-Landfill Operations	Total
Balance at January 1, 2016	\$ 2,327	\$ 63,613	\$ 66,052	\$ 131,992
Accretion	26	678	543	1,247
Changes in estimates recorded to statement of operations	71	(101)	350	320
Expenditures	(26)	(956)	(2,033)	(3,015)
Currency translation and other	—	51	784	835
Balance at March 31, 2016	\$ 2,398	\$ 63,285	\$ 65,696	\$ 131,379

In the three months ended March 31, 2016 there were no significant charges (benefits) resulting from changes in estimates for remedial liabilities.

(10) FINANCING ARRANGEMENTS

The following table is a summary of the Company’s financing arrangements (in thousands):

	March 31, 2016	December 31, 2015
Senior unsecured notes, at 5.25%, due August 1, 2020 ("2020 Notes")	\$ 800,000	\$ 800,000
Senior unsecured notes, at 5.125%, due June 1, 2021 ("2021 Notes")	845,000	595,000
Long-term obligations, at par	\$ 1,645,000	\$ 1,395,000
Unamortized debt issuance costs and premium, net	(13,397)	(12,457)
Long-term obligations, at carrying value	\$ 1,631,603	\$ 1,382,543

At March 31, 2016 and December 31, 2015, the fair value of the Company's 2020 Notes was \$814.0 million and \$812.0 million, respectively, based on quoted market prices for the instrument. The fair value of the 2020 Notes is considered a Level 2 measure according to the fair value hierarchy.

On March 14, 2016, the Company issued through a private placement \$250.0 million aggregate principal amount as additional notes under the indenture pursuant to which the Company previously issued on December 7, 2012, through

a private placement \$600.0 million aggregate principal amount of 5.125% senior unsecured notes due 2021 ("2021 Notes"). Interest payments

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are fixed semi-annually on June 1 and December 1 of each year. At March 31, 2016 and December 31, 2015, the fair value of the Company's 2021 Notes was \$853.5 million and \$599.5 million, respectively, based on quoted market prices for the instrument. The fair value of the 2021 Notes is considered a Level 2 measure according to the fair value hierarchy.

The Company also maintains a revolving credit facility which as of March 31, 2016 and December 31, 2015 had no outstanding loan balances. At March 31, 2016, \$156.4 million was available to borrow and outstanding letters of credit were \$145.2 million. At December 31, 2015, \$178.5 million was available to borrow and outstanding letters of credit were \$144.6 million.

The revolving credit facility is guaranteed by all of Clean Harbors, Inc.'s (the "Parent's") domestic subsidiaries and secured by substantially all of the Parent's and its domestic subsidiaries' assets. Available credit for the Parent and its domestic subsidiaries is limited to 85% of their eligible accounts receivable and 100% of their cash deposited in a controlled account with the agent. Available credit for Parent's Canadian subsidiaries is limited to 85% of their eligible accounts receivable and 100% of their cash deposited in a controlled account with the agent's Canadian affiliate. The obligations of the Canadian subsidiaries under the revolving credit facility are guaranteed by all of Parent's Canadian subsidiaries and secured by the accounts receivable of the Canadian subsidiaries, but the Canadian subsidiaries do not guarantee and are not otherwise responsible for the obligations of Parent or its domestic subsidiaries.

(11) LOSS PER SHARE

The following are computations of basic and diluted loss per share (in thousands except for per share amounts):

	Three Months Ended	
	March 31,	
	2016	2015
Numerator for basic and diluted earnings per share:		
Net loss	\$(20,871)	\$(7,089)
Denominator:		
Basic shares outstanding	57,617	58,875
Dilutive shares outstanding	57,617	58,875
Basic loss per share:	\$(0.36)	\$(0.12)
Diluted loss per share:	\$(0.36)	\$(0.12)

As a result of the net loss reported for the three months ended March 31, 2016 and 2015, all then outstanding stock options, restricted stock awards and performance awards totaling 474,318 and 539,983, respectively, were excluded from the calculation of diluted loss per share as their inclusion would have an antidilutive effect.

(12) ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss by component and related tax effects for the three months ended March 31, 2016 were as follows (in thousands):

	Foreign Currency Translation	Unfunded Pension Liability	Total
Balance at January 1, 2016	\$(252,939)	\$(1,953)	\$(254,892)
Other comprehensive income before reclassifications	45,837	—	45,837
Other comprehensive income	\$45,837	\$—	\$45,837
Balance at March 31, 2016	\$(207,102)	\$(1,953)	\$(209,055)

There were no reclassifications out of accumulated other comprehensive loss during the three months ended March 31, 2016 and 2015.

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(13) STOCK-BASED COMPENSATION

Total stock-based compensation cost charged to selling, general and administrative expenses for the three months ended March 31, 2016 and March 31, 2015 was \$2.1 million and \$1.8 million, respectively. The total income tax benefit recognized in the consolidated statements of operations from stock-based compensation was \$0.5 million for each of the three months ended March 31, 2016 and March 31, 2015.

Restricted Stock Awards

The following information relates to restricted stock awards that have been granted to employees and directors under the Company's equity incentive plans (the "Plans"). The restricted stock awards are not transferable until vested and the restrictions generally lapse upon the achievement of continued employment over a three-to-five-year period or service as a director until the following annual meeting of shareholders. The fair value of each restricted stock grant is based on the closing price of the Company's common stock on the date of grant and is amortized to expense over its vesting period.

The following table summarizes information about restricted stock awards for the three months ended March 31, 2016:

Restricted Stock	Number of Shares	Weighted Average Grant-Date Fair Value
Balance at January 1, 2016	362,618	\$ 55.79
Granted	43,771	\$ 43.87
Vested	(85,388)	\$ 55.79
Forfeited	(15,346)	\$ 57.20
Balance at March 31, 2016	305,655	\$ 54.01

As of March 31, 2016, there was \$12.4 million of total unrecognized compensation cost arising from restricted stock awards under the Company's Plans. This cost is expected to be recognized over a weighted average period of 2.9 years. The total fair value of restricted stock vested during the three months ended March 31, 2016 and March 31, 2015 was \$3.8 million and \$3.2 million, respectively.

Performance Stock Awards

The following information relates to performance stock awards that have been granted to employees under the Company's Plans. Performance stock awards are subject to performance criteria established by the compensation committee of the Company's board of directors prior to or at the date of grant. The vesting of the performance stock awards is based on achieving such targets typically based on revenue, Adjusted EBITDA margin, return on invested capital percentage and Total Recordable Incident Rate. In addition, performance stock awards include continued service conditions. The fair value of each performance stock award is based on the closing price of the Company's common stock on the date of grant and is amortized to expense over the service period if achievement of performance measures is considered probable.

The following table summarizes information about performance stock awards for the three months ended March 31, 2016:

Performance Stock	Number of Shares	Weighted Average Grant-Date Fair Value
Balance at January 1, 2016	187,274	\$ 57.13
Vested	(8,420)	\$ 61.90

Forfeited	(10,191)	\$ 57.65
Balance at March 31, 2016	168,663	\$ 56.86

As of March 31, 2016, there was \$0.6 million of total unrecognized compensation cost arising from unvested performance stock awards deemed probable of vesting under the Company's Plans. The total fair value of performance awards vested during the three months ended March 31, 2016 and March 31, 2015 was \$0.4 million and \$0.3 million, respectively.

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Common Stock Repurchases

On March 13, 2015, the Company's board of directors authorized the repurchase of up to \$300 million of the Company's common stock. During the three months ended March 31, 2016, the Company repurchased and retired a total of 0.1 million shares of the Company's common stock for a total cost of \$5.0 million. Through March 31, 2016, the Company has repurchased and retired a total of 3.5 million shares of the Company's common stock for a total cost of \$182.7 million under this program. As of March 31, 2016, an additional \$117.3 million remains available for repurchase of shares under the current authorized program.

(14) COMMITMENTS AND CONTINGENCIES

Legal and Administrative Proceedings

The Company and its subsidiaries are subject to legal proceedings and claims arising in the ordinary course of business. Actions filed against the Company arise from commercial and employment-related claims including alleged class actions related to sales practices and wage and hour claims. The plaintiffs in these actions may be seeking damages or injunctive relief or both. These actions are in various jurisdictions and stages of proceedings, and some are covered in part by insurance. In addition, the Company's waste management services operations are regulated by federal, state, provincial and local laws enacted to regulate discharge of materials into the environment, remediation of contaminated soil and groundwater or otherwise protect the environment. This ongoing regulation results in the Company frequently becoming a party to legal or administrative proceedings involving all levels of governmental authorities and other interested parties. The issues involved in such proceedings generally relate to alleged violations of existing permits and licenses or alleged responsibility under federal or state Superfund laws to remediate contamination at properties owned either by the Company or by other parties ("third party sites") to which either the Company or the prior owners of certain of the Company's facilities shipped wastes.

At March 31, 2016 and December 31, 2015, the Company had recorded reserves of \$20.9 million and \$21.9 million, respectively, in the Company's financial statements for actual or probable liabilities related to the legal and administrative proceedings in which the Company was then involved, the principal of which are described below. At March 31, 2016 and December 31, 2015, the Company also believed that it was reasonably possible that the amount of these potential liabilities could be as much as \$1.8 million and \$1.9 million more, respectively. The Company periodically adjusts the aggregate amount of these reserves when actual or probable liabilities are paid or otherwise discharged, new claims arise, or additional relevant information about existing or probable claims becomes available. As of March 31, 2016 and December 31, 2015, the \$20.9 million and \$21.9 million, respectively, of reserves consisted of (i) \$18.7 million and \$18.9 million, respectively, related to pending legal or administrative proceedings, including Superfund liabilities, which were included in remedial liabilities on the consolidated balance sheets, and (ii) \$2.2 million and \$3.0 million, respectively, primarily related to federal, state and provincial enforcement actions, which were included in accrued expenses on the consolidated balance sheets.

As of March 31, 2016, the principal legal and administrative proceedings in which the Company was involved, or which had been terminated during 2016, were as follows:

Ville Mercier. In September 2002, the Company acquired the stock of a subsidiary (the "Mercier Subsidiary") which owns a hazardous waste incinerator in Ville Mercier, Quebec (the "Mercier Facility"). The property adjacent to the Mercier Facility, which is also owned by the Mercier Subsidiary, is now contaminated as a result of actions dating back to 1968, when the Government of Quebec issued to a company unrelated to the Mercier Subsidiary two permits to dump organic liquids into lagoons on the property. In 1999, Ville Mercier and three neighboring municipalities filed separate legal proceedings against the Mercier Subsidiary and the Government of Quebec. In 2012, the municipalities amended their existing statement of claim to seek \$2.9 million (Cdn) in general damages and \$10.0 million (Cdn) in punitive damages, plus interest and costs, as well as injunctive relief. Both the Government of Quebec and the Company have filed summary judgment motions against the municipalities. The parties are currently attempting to negotiate a resolution and hearings on the motions have been delayed. In September 2007, the Quebec Minister of Sustainable Development, Environment and Parks issued a Notice pursuant to Section 115.1 of the Environment Quality Act, superseding Notices issued in 1992, which are the subject of the pending litigation. The more recent Notice notifies the Mercier Subsidiary that, if the Mercier Subsidiary does not take certain remedial measures at the site, the Minister intends to undertake those measures at the site and claim direct and indirect costs

related to such measures. The Company has accrued for costs expected to be incurred relative to the resolution of this matter and believes this matter will not have a future material effect on its financial position or results of operations. Safety-Kleen Legal Proceedings. On December 28, 2012, the Company acquired Safety-Kleen, Inc. ("Safety-Kleen") and thereby became subject to the legal proceedings in which Safety-Kleen was a party on that date. In addition to certain Superfund proceedings in which Safety-Kleen has been named as a potentially responsible party as described below under "Superfund

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Proceedings,” the principal such legal proceedings involving Safety-Kleen which were outstanding as of March 31, 2016 were as follows:

Product Liability Cases. Safety-Kleen is named as a defendant in various lawsuits that are currently pending in various courts and jurisdictions throughout the United States, including approximately 60 proceedings (excluding cases which have been settled but not formally dismissed) as of March 31, 2016, wherein persons claim personal injury resulting from the use of Safety-Kleen's parts cleaning equipment or cleaning products. These proceedings typically involve allegations that the solvent used in Safety-Kleen's parts cleaning equipment contains contaminants and/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 an historic failure to warn that solvent contains trace amounts of toxic or hazardous substances such as benzene. Safety-Kleen maintains insurance that it believes will provide coverage for these claims (over amounts accrued for self-insured retentions and deductibles in certain limited cases), except for punitive damages to the extent not insurable under state law or excluded from insurance coverage. Safety-Kleen believes that these claims lack merit and has historically vigorously defended, and intends to continue to vigorously defend, itself and the safety of its products against all of these claims. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. Consequently, Safety-Kleen is unable to ascertain the ultimate aggregate amount of monetary liability or financial impact with respect to these matters as of March 31, 2016. From January 1, 2016 to March 31, 2016, nine product liability claims were settled or dismissed. Due to the nature of these claims and the related insurance, the Company did not incur any expense as Safety-Kleen's insurance provided coverage in full for all such claims. Safety-Kleen may be named in similar, additional lawsuits in the future, including claims for which insurance coverage may not be available.

Superfund Proceedings

The Company has been notified that either the Company (which, since December 28, 2012, includes Safety-Kleen) or the prior owners of certain of the Company's facilities for which the Company may have certain indemnification obligations have been identified as potentially responsible parties ("PRPs") or potential PRPs in connection with 129 sites which are subject to or are proposed to become subject to proceedings under federal or state Superfund laws. Of the 129 sites, two (the Wichita Facility and the BR Facility described below) involve facilities that are now owned by the Company and 127 involve third party sites to which either the Company or the prior owners of certain of the Company's facilities shipped wastes. Of the 127 third party sites, 32 are now settled, 17 are currently requiring expenditures on remediation and 78 are not currently requiring expenditures on remediation.

In connection with each site, the Company has estimated the extent, if any, to which it may be subject, either directly or as a result of any indemnification obligations, for cleanup and remediation costs, related legal and consulting costs associated with PRP investigations, settlements, and related legal and administrative proceedings. The amount of such actual and potential liability is inherently difficult to estimate because of, among other relevant factors, uncertainties as to the legal liability (if any) of the Company or the prior owners of certain of the Company's facilities to contribute a portion of the cleanup costs, the assumptions that must be made in calculating the estimated cost and timing of remediation, the identification of other PRPs and their respective capability and obligation to contribute to remediation efforts, and the existence and legal standing of indemnification agreements (if any) with prior owners, which may either benefit the Company or subject the Company to potential indemnification obligations. In addition to the Wichita Property and the BR Facility, Clean Harbors believes its potential liability could exceed \$100,000 at 13 of the 127 third party sites.

Wichita Property. The Company acquired in 2002 as part of the CSD assets a service center located in Wichita, Kansas (the "Wichita Property"). The Wichita Property is one of several properties located within the boundaries of a 1,400 acre state-designated Superfund site in an old industrial section of Wichita known as the North Industrial Corridor Site. Along with numerous other PRPs, the former owner executed a consent decree relating to such site with the U.S. Environmental Protection Agency (the "EPA"), and the Company is continuing an ongoing remediation program for the Wichita Property in accordance with that consent decree. The Company also acquired rights under an indemnification agreement between the former owner and an earlier owner of the Wichita Property. The Company filed suit against the earlier owner in July of 2015 to recover costs incurred during the cleanup of the property.

BR Facility. The Company acquired in 2002 a former hazardous waste incinerator and landfill in Baton Rouge (the "BR Facility"), for which operations had been previously discontinued by the prior owner. In September 2007, the EPA issued a special notice letter to the Company related to the Devil's Swamp Lake Site ("Devil's Swamp") in East Baton Rouge Parish, Louisiana. Devil's Swamp includes a lake located downstream of an outfall ditch where wastewater and stormwater have been discharged, and Devil's Swamp is proposed to be included on the National Priorities List due to the presence of Contaminants of Concern ("COC") cited by the EPA. These COCs include substances of the kind found in wastewater and storm water discharged from the BR Facility in past operations. The EPA originally requested COC generators to submit a good faith offer to conduct a remedial investigation feasibility study directed towards the eventual remediation of the site. The Company is currently performing corrective actions at the

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BR Facility under an order issued by the Louisiana Department of Environmental Quality, and has begun conducting the remedial investigation and feasibility study under an order issued by the EPA. The Company cannot presently estimate the potential additional liability for the Devil's Swamp cleanup until a final remedy is selected by the EPA.

Third Party Sites. Of the 127 third party sites at which the Company has been notified it is a PRP or potential PRP or may have indemnification obligations, Clean Harbors has an indemnification agreement at 11 of these sites with ChemWaste, a former subsidiary of Waste Management, Inc., and at six additional of these third party sites, Safety-Kleen has a similar indemnification agreement with McKesson Corporation. These agreements indemnify the Company (which now includes Safety-Kleen) with respect to any liability at the 17 sites for waste disposed prior to the Company's (or Safety-Kleen's) acquisition of the former subsidiaries of Waste Management or McKesson which had shipped wastes to those sites. Accordingly, Waste Management or McKesson are paying all costs of defending those subsidiaries in those 17 cases, including legal fees and settlement costs. However, there can be no guarantee that the Company's ultimate liabilities for those sites will not exceed the amount recorded or that indemnities applicable to any of these sites will be available to pay all or a portion of related costs. Except for the indemnification agreements which the Company holds from ChemWaste and McKesson, the Company does not have an indemnity agreement with respect to any of the 127 third party sites discussed above.

Federal, State and Provincial Enforcement Actions

From time to time, the Company pays fines or penalties in regulatory proceedings relating primarily to waste treatment, storage or disposal facilities. As of March 31, 2016 and December 31, 2015, there were five and six proceedings, respectively, for which the Company reasonably believed that the sanctions could equal or exceed \$100,000. The Company believes that the fines or other penalties in these or any of the other regulatory proceedings will, individually or in the aggregate, not have a material effect on its financial condition, results of operations or cash flows.

(15) INCOME TAXES

The Company records a tax provision or benefit on an interim basis using an estimated annual effective tax rate. This rate is applied to the current period ordinary income or loss to determine the income tax provision or benefit allocated to the interim period. Losses from jurisdictions for which no benefit can be recognized and the income tax effects of unusual or infrequent items are excluded from the estimated annual effective tax rate and are recognized in the impacted interim period. The estimated annual effective tax rate may be significantly impacted by projected earnings mix by tax jurisdiction. Adjustments to the estimated annual effective income tax rate are recognized in the period when such estimates are revised.

The Company's effective tax rate for the three months ended March 31, 2016 was 10.9% compared to 39.5% for the same period in 2015. The decrease in the effective rates for the three months ended March 31, 2016 is primarily due to not recognizing income tax benefits from current operating losses related to certain Canadian entities.

As of March 31, 2016 and December 31, 2015, the Company had recorded \$2.1 million of liabilities for unrecognized tax benefits and \$0.4 million of interest, respectively.

Due to expiring statute of limitation periods, the Company believes that total unrecognized tax benefits will decrease by approximately \$0.5 million within the next 12 months. This is the result of a pre-acquisition audit settlement for one of our foreign entities.

(16) SEGMENT REPORTING

Segment reporting is prepared on the same basis that the Company's chief executive officer, who is the Company's chief operating decision maker, manages the business, makes operating decisions and assesses performance. As of March 31, 2016, the Company's operations were managed in six reportable segments based primarily upon the nature of the various operations and services provided: Technical Services, Industrial and Field Services which consists of the Industrial Services and Field Services operating segments, Kleen Performance Products, SK Environmental Services, Lodging Services and Oil and Gas Field Services.

Third party revenue is revenue billed to outside customers by a particular segment. Direct revenue is revenue allocated to the segment providing the product or service. Intersegment revenues represent the sharing of third party revenues among the segments based on products and services provided by each segment as if the products and services were

sold directly to the third party. The intersegment revenues are shown net. The negative intersegment revenues are due to more transfers out of customer revenues to other segments than transfers in of customer revenues from other segments. The operations not managed through the Company's six reportable segments are recorded as "Corporate Items." Corporate Items revenues consist of two different operations for which the revenues are insignificant. Corporate Items cost of revenues represents certain central services that are not allocated to

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the six segments for internal reporting purposes. Corporate Items selling, general and administrative expenses include typical corporate items such as legal, accounting and other items of a general corporate nature that are not allocated to the Company's six reportable segments. Performance of the segments is evaluated on several factors, of which the primary financial measure is "Adjusted EBITDA," which consists of net loss plus accretion of environmental liabilities, depreciation and amortization, net interest expense, benefit for income taxes, other non-cash charges not deemed representative of fundamental segment results and excludes other expense (income). Transactions between the segments are accounted for at the Company's best estimate based on similar transactions with outside customers. The following table reconciles third party revenues to direct revenues for the three months ended March 31, 2016 and 2015 (in thousands):

	For the Three Months Ended March 31, 2016				For the Three Months Ended March 31, 2015			
	Third party revenues	Intersegment revenues, net	Corporate Items, net	Direct revenues	Third party revenues	Intersegment revenues, net	Corporate Items, net	Direct revenues
Technical Services	\$219,105	\$ 34,844	\$ 388	\$254,337	\$240,325	\$ 34,904	\$ 1,297	\$276,526
Industrial and Field Services	121,577	(7,466)	(17)	114,094	146,868	(6,561)	78	140,385
Kleen Performance Products	67,543	(9,407)	(1)	58,135	96,807	(18,257)	(1)	78,549
SK Environmental Services	179,418	(19,114)	367	160,671	160,684	(11,582)	—	149,102
Lodging Services	15,645	264	21	15,930	34,104	164	17	34,285
Oil and Gas Field Services	32,016	879	87	32,982	53,587	1,332	9	54,928
Corporate Items	779	—	(845)	(66)	124	—	(1,400)	(1,276)
Total	\$636,083	\$ —	\$ —	\$636,083	\$732,499	\$ —	\$ —	\$732,499

The following table presents Adjusted EBITDA information used by management by reported segment (in thousands). The Company does not allocate interest expense, income taxes, depreciation, amortization, accretion of environmental liabilities, other non-cash charges not deemed representative of fundamental segment results, and other expense (income) to its segments.

	For the Three Months Ended March 31,	
	2016	2015
Adjusted EBITDA:		
Technical Services	\$60,398	\$63,401
Industrial and Field Services	2,118	10,309
Kleen Performance Products	4,560	(4,476)
SK Environmental Services	35,495	27,249
Lodging Services	1,019	6,910
Oil and Gas Field Services	(1,394)	1,403
Corporate Items	(34,876)	(26,519)
Total	\$67,320	\$78,277
Reconciliation to Consolidated Statements of Operations:		
Accretion of environmental liabilities	2,505	2,619
Depreciation and amortization	68,902	68,356
(Loss) income from operations	(4,087)	7,302
Other expense (income)	350	(409)
Interest expense, net of interest income	18,980	19,438
Loss before benefit for income taxes	\$(23,417)	\$(11,727)

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The following table presents certain assets by reportable segment and in the aggregate (in thousands):

	March 31, 2016							
	Technical Services	Industrial and Field Services	Kleen Performance Products	SK Environmental Services	Lodging Services	Oil and Gas Field Services	Corporate Items	Totals
Property, plant and equipment, net	\$499,464	\$234,088	\$202,445	\$306,462	\$108,489	\$153,869	\$92,055	\$1,596,872
Goodwill	48,694	106,637	50,143	220,854	34,314	—	—	460,642
Permits and other intangible, net	73,632	14,215	139,725	254,230	7,004	13,726	—	502,532
Total assets	\$818,098	\$378,639	\$501,019	\$858,544	\$188,547	\$243,543	\$653,285	\$3,641,675
	December 31, 2015							
	Technical Services	Industrial and Field Services	Kleen Performance Products	SK Environmental Services	Lodging Services	Oil and Gas Field Services	Corporate Items	Totals
Property, plant and equipment, net	\$483,425	\$237,660	\$193,855	\$264,539	\$105,208	\$156,286	\$91,494	\$1,532,467
Goodwill	49,267	105,286	49,755	216,589	32,208	—	—	453,105
Permits and other intangible, net	73,601	14,649	140,410	256,251	7,045	14,862	—	506,818
Total assets	\$800,060	\$368,858	\$492,483	\$805,488	\$181,357	\$244,210	\$538,972	\$3,431,428

The following table presents total assets by geographical area (in thousands):

	March 31, 2016	December 31, 2015
United States	\$2,783,892	\$2,575,746
Canada	853,112	851,949
Other foreign	4,671	3,733
Total	\$3,641,675	\$3,431,428

(17) GUARANTOR AND NON-GUARANTOR SUBSIDIARIES FINANCIAL INFORMATION

The 2020 Notes and the 2021 Notes are guaranteed by substantially all of the Company's subsidiaries organized in the United States. Each guarantor for the 2020 Notes and the 2021 Notes is a 100% owned subsidiary of Clean Harbors, Inc. and its guarantee is both full and unconditional and joint and several. The guarantees, are however, subject to customary release provisions under which, in particular, the guarantee of any of our domestic restricted subsidiaries will be released if we sell such subsidiary to an unrelated third party in accordance with the terms of the indenture which governs the notes. The 2020 Notes and the 2021 Notes are not guaranteed by the Company's Canadian or other foreign subsidiaries. The following presents supplemental condensed consolidating financial information for the parent company, the guarantor subsidiaries and the non-guarantor subsidiaries, respectively.

As discussed further in Note 10, "Financing Arrangements," to our consolidated financial statements included herein, during the three months ended March 31, 2016, the Parent Company issued through a private placement \$250.0 million aggregate principal amount as additional notes under the 2021 Notes. In connection with this offering the proceeds were then transferred to the US Guarantor Subsidiaries and are reflected as an investment to the Parent Company in the US Guarantor subsidiaries for the period ending March 31, 2016.

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Following is the condensed consolidating balance sheet at March 31, 2016 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets:					
Cash and cash equivalents	\$ 56,028	\$ 219,856	\$ 79,461	\$—	\$355,345
Intercompany receivables	172,776	283,034	38,065	(493,875)	—
Accounts receivable, net	—	380,873	77,428	—	458,301
Other current assets	—	185,171	64,804	—	249,975
Property, plant and equipment, net	—	1,129,262	467,610	—	1,596,872
Investments in subsidiaries	2,832,086	524,500	—	(3,356,586)	—
Intercompany debt receivable	—	278,018	3,701	(281,719)	—
Goodwill	—	369,400	91,242	—	460,642
Permits and other intangibles, net	—	429,388	73,144	—	502,532
Other long-term assets	1,626	9,457	6,925	—	18,008
Total assets	\$ 3,062,516	\$ 3,808,959	\$ 902,380	\$(4,132,180)	\$3,641,675
Liabilities and Stockholders' Equity:					
Current liabilities	\$ 22,124	\$ 382,100	\$ 61,286	\$—	\$465,510
Intercompany payables	288,515	203,542	1,818	(493,875)	—
Closure, post-closure and remedial liabilities, net	—	152,767	15,205	—	167,972
Long-term obligations	1,631,603	—	—	—	1,631,603
Intercompany debt payable	3,701	—	278,018	(281,719)	—
Other long-term liabilities	—	238,464	21,553	—	260,017
Total liabilities	1,945,943	976,873	377,880	(775,594)	2,525,102
Stockholders' equity	1,116,573	2,832,086	524,500	(3,356,586)	1,116,573
Total liabilities and stockholders' equity	\$ 3,062,516	\$ 3,808,959	\$ 902,380	\$(4,132,180)	\$3,641,675

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Following is the condensed consolidating balance sheet at December 31, 2015 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets:					
Cash and cash equivalents	\$ 11,017	\$ 83,479	\$ 90,212	\$—	\$184,708
Intercompany receivables	164,709	213,243	39,804	(417,756)	—
Accounts receivables	—	404,580	91,424	—	496,004
Other current assets	—	179,969	60,515	—	240,484
Property, plant and equipment, net	—	1,082,466	450,001	—	1,532,467
Investments in subsidiaries	2,547,307	522,067	—	(3,069,374)	—
Intercompany debt receivable	—	260,957	3,701	(264,658)	—
Goodwill	—	367,306	85,799	—	453,105
Permits and other intangibles, net	—	435,080	71,738	—	506,818
Other long-term assets	1,068	10,274	6,500	—	17,842
Total assets	\$ 2,724,101	\$ 3,559,421	\$ 899,694	\$(3,751,788)	\$3,431,428
Liabilities and Stockholders' Equity:					
Current liabilities	\$ 20,813	\$ 424,588	\$ 71,719	\$—	\$517,120
Intercompany payables	220,762	195,287	1,707	(417,756)	—
Closure, post-closure and remedial liabilities, net	—	153,190	14,656	—	167,846
Long-term obligations	1,382,543	—	—	—	1,382,543
Intercompany debt payable	3,701	—	260,957	(264,658)	—
Other long-term liabilities	—	239,049	28,588	—	267,637
Total liabilities	1,627,819	1,012,114	377,627	(682,414)	2,335,146
Stockholders' equity	1,096,282	2,547,307	522,067	(3,069,374)	1,096,282
Total liabilities and stockholders' equity	\$ 2,724,101	\$ 3,559,421	\$ 899,694	\$(3,751,788)	\$3,431,428

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Following is the consolidating statement of operations for the three months ended March 31, 2016 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Service revenues	\$ —	\$ 428,477	\$ 114,023	\$ (12,269)	\$ 530,231
Product revenues	—	89,588	18,713	(2,449)	105,852
Total revenues	—	518,065	132,736	(14,718)	636,083
Cost of revenues (exclusive of items shown separately below)					
Service cost of revenues	—	282,964	103,291	(12,269)	373,986
Product cost of revenues	—	79,354	13,388	(2,449)	90,293
Total cost of revenues	—	362,318	116,679	(14,718)	464,279
Selling, general and administrative expenses	24	80,655	23,805	—	104,484
Accretion of environmental liabilities	—	2,290	215	—	2,505
Depreciation and amortization	—	48,695	20,207	—	68,902
(Loss) income from operations	(24)	24,107	(28,170)	—	(4,087)
Other expense	—	(88)	(262)	—	(350)
Interest (expense) income	(20,143)	1,111	52	—	(18,980)
Equity in earnings of subsidiaries, net of taxes	(8,771)	(26,495)	—	35,266	—
Intercompany interest income (expense)	—	5,159	(5,159)	—	—
(Loss) income before (benefit) provision for income taxes	(28,938)	3,794	(33,539)	35,266	(23,417)
(Benefit) provision for income taxes	(8,067)	12,565	(7,044)	—	(2,546)
Net loss	(20,871)	(8,771)	(26,495)	35,266	(20,871)
Other comprehensive income	45,837	45,837	28,927	(74,764)	45,837
Comprehensive income	\$ 24,966	\$ 37,066	\$ 2,432	\$ (39,498)	\$ 24,966

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Following is the consolidating statement of operations for the three months ended March 31, 2015 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Service revenues	\$ —	\$ 418,517	\$ 193,453	\$ (15,640)	\$ 596,330
Product revenues	—	116,536	23,204	(3,571)	136,169
Total revenues	—	535,053	216,657	(19,211)	732,499
Cost of revenues (exclusive of items shown separately below)					
Service cost of revenues	—	277,602	154,428	(15,640)	416,390
Product cost of revenues	—	115,286	18,402	(3,571)	130,117
Total cost of revenues	—	392,888	172,830	(19,211)	546,507
Selling, general and administrative expenses	25	80,984	26,706	—	107,715
Accretion of environmental liabilities	—	2,306	313	—	2,619
Depreciation and amortization	—	45,801	22,555	—	68,356
(Loss) income from operations	(25)	13,074	(5,747)	—	7,302
Other income (expense)	—	111	298	—	409
Interest (expense) income	(19,639)	178	23	—	(19,438)
Equity in earnings of subsidiaries, net of taxes	4,709	(7,029)	—	2,320	—
Intercompany interest income (expense)	—	5,977	(5,977)	—	—
(Loss) income before (benefit) provision for income taxes	(14,955)	12,311	(11,403)	2,320	(11,727)
(Benefit) provision for income taxes	(7,866)	7,602	(4,374)	—	(4,638)
Net (loss) income	(7,089)	4,709	(7,029)	2,320	(7,089)
Other comprehensive loss	(77,403)	(77,403)	(50,635)	128,038	(77,403)
Comprehensive loss	\$ (84,492)	\$ (72,694)	\$ (57,664)	\$ 130,358	\$ (84,492)

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Following is the condensed consolidating statement of cash flows for the three months ended March 31, 2016 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net cash from (used in) operating activities	\$ 47,201	\$ (3,361)	\$ (4,551)	\$ —	\$ 39,289
Cash flows used in investing activities:					
Additions to property, plant and equipment	—	(64,754)	(11,027)	—	(75,781)
Proceeds from sales of fixed assets	—	277	996	—	1,273
Acquisitions, net of cash acquired	—	(34,993)	—	—	(34,993)
Costs to obtain or renew permits	—	(465)	(47)	—	(512)
Investment in subsidiaries	(250,625)	—	—	250,625	—
Intercompany	—	(6,423)	—	6,423	—
Net cash used in investing activities	(250,625)	(106,358)	(10,078)	257,048	(110,013)
Cash flows from (used in) financing activities:					
Change in uncashed checks	—	(4,529)	(689)	—	(5,218)
Issuance of restricted shares, net of shares remitted	(1,425)	—	—	—	(1,425)
Repurchases of common stock	(4,998)	—	—	—	(4,998)
Deferred financing costs paid	(2,190)	—	—	—	(2,190)
Issuance of senior secured notes, including premium	250,625	250,625	—	(250,625)	250,625
Intercompany	6,423	—	—	(6,423)	—
Net cash from (used in) financing activities	248,435	246,096	(689)	(257,048)	236,794
Effect of exchange rate change on cash	—	—	4,567	—	4,567
Increase (decrease) in cash and cash equivalents	45,011	136,377	(10,751)	—	170,637
Cash and cash equivalents, beginning of period	11,017	83,479	90,212	—	184,708
Cash and cash equivalents, end of period	\$ 56,028	\$ 219,856	\$ 79,461	\$ —	\$ 355,345

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Following is the condensed consolidating statement of cash flows for the three months ended March 31, 2015 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net cash (used in) from operating activities	\$ (8,032)	\$ 85,311	\$ 7,498	\$ —	\$84,777
Cash flows used in investing activities:					
Additions to property, plant and equipment	—	(37,670)	(15,279)	—	(52,949)
Proceeds from sale of fixed assets	—	113	647	—	760
Costs to obtain or renew permits	—	—	(1,171)	—	(1,171)
Intercompany	—	(108,435)	—	108,435	—
Net cash used in investing activities	—	(145,992)	(15,803)	108,435	(53,360)
Cash flows from (used in) financing activities:					
Change in uncashed checks	—	(14,694)	(5,574)	—	(20,268)
Issuance of restricted shares, net of shares remitted	(1,154)	—	—	—	(1,154)
Repurchases of common stock	(15,379)	—	—	—	(15,379)
Excess tax benefit of stock-based compensation	5	—	—	—	5
Payments of capital leases	—	(164)	(234)	—	(398)
Intercompany	108,435	—	—	(108,435)	—
Net cash from (used in) financing activities	91,907	(14,858)	(5,808)	(108,435)	(37,194)
Effect of exchange rate change on cash	—	—	(7,363)	—	(7,363)
Decrease in cash and cash equivalents	83,875	(75,539)	(21,476)	—	(13,140)
Cash and cash equivalents, beginning of period	1,006	154,147	91,726	—	246,879
Cash and cash equivalents, end of period	\$ 84,881	\$ 78,608	\$ 70,250	\$ —	\$233,739

(18) SUBSEQUENT EVENTS

On April 30, 2016, the Company purchased two blending and packaging plants and related assets in New Orleans, Louisiana and Brampton, Ontario. The results of the acquired company will be included in the Kleen Performance Products Segment.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

In addition to historical information, this Quarterly Report on Form 10-Q contains forward-looking statements, which are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans to," "estimates," "projects," 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 under Item 1A, "Risk Factors," in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2016, under Item 1A, "Risk Factors," included in Part II—Other Information in this report, and in other documents we file from time to time with the SEC. 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.

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.

Performance of our segments is evaluated on several factors of which the primary financial measure is Adjusted EBITDA as described more fully below. The following is a discussion of how management evaluates its segments in regards to other factors including key performance indicators that management uses to assess the segments' results as well as certain macroeconomic trends and influences that impact each reportable segment:

Technical Services - Technical Services segment results are predicated upon the demand by our customers for waste services directly attributable to waste volumes generated by them and the existence of project work contracted by the Technical Services segment and/or other segments of Clean Harbors whereby waste handling and/or disposal is required. In managing the business and evaluating performance, management tracks the volumes of waste handled and disposed of through our owned incinerators and landfills as well as the utilization of such incinerators. Levels of activity and ultimate performance associated with this segment can be impacted by inherent seasonality in the business and weather conditions, market conditions and overall levels of industrial activity, efficiency of our operations, competition and market pricing of our services and the management of our related operating costs.

Industrial and Field Services - Industrial and Field Services segment results are impacted by the demand for planned and unplanned industrial related cleaning and maintenance services at customer sites and the requirement for environmental cleanup services on a scheduled or emergency basis, including response to national events such as major oil spills, natural disasters or other events where immediate and specialized services are pertinent. Management considers the number of plant sites where services are contracted and expected site turnaround schedules to be indicators of the businesses' performance along with the existence of local or national events.

Kleen Performance Products - Kleen Performance Products results are significantly impacted by the overall market pricing and product mix associated with base and blended oil products and more specifically the published prices of Group II base oils, which historically have seen correlation with overall crude oil prices which experienced significant declines for since 2014. Costs associated with used oils, which are raw materials associated with the segment's products, can also be volatile as was the case for much of 2015 when such costs were disconnected from market

pricing of the based and blended oil products sold by the segment. Given the impact of these falling prices, we are now charging disposal rates in order to mitigate the market-derived pressure on our margins and reestablishing a profitable spread. The implementation of our closed loop model resulting in the direct sales of our renewable oil products to end customers will also impact future operating results.

SK Environmental Services - SK Environmental Services segment results are significantly impacted by the number of parts washers serviced by the business and the ability to attract small quantity waste producers as customers and

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integrate them into the Clean Harbors waste network. Performance is also predicated upon the segment management's ability to manage related costs associated with transportation and the servicing of customers and successfully managing costs associated with the collection of used oils which are then transferred to the Kleen Performance Products segment.

Lodging Services - Lodging Services segment results are dependent upon levels of construction and maintenance activity associated with the oil and related industries in the Oil Sands and other regions of Western Canada in which our camps and lodges operate and demand for our modular unit production. Levels of overall activity in these regions drive the demand and related pricing for lodging and camp accommodations and related services. To mitigate the decrease in demand experienced in this business, we have targeted more non-traditional markets such as schools and hospitals to offer our modular unit accommodations and related services. Given that segment's operations are located entirely in Canada, the impact of foreign currency translations which result from changes in the exchange rates between the U.S. and Canadian dollar can significantly impact the amounts associated with overall business results.

Oil and Gas Field Services - Oil and Gas Field Services segment results are significantly impacted by overall levels of oil and gas related exploration, drilling activity and production in North America. The levels of such exploration, drilling activity and production are largely dependent upon the number of oil rigs in operation, as well as global and North American oil prices on which such activity levels are strongly predicated. Since the third quarter of 2014, crude oil prices have declined approximately 65%. This recent oil price volatility and future price uncertainty has resulted in lower activity levels which are negatively impacting the business' results. The majority of the segment's operations are in Canada, and therefore the impact of US to Canadian dollar foreign currency translation also significantly impacts the segment's results.

Highlights

Total revenues for the three months ended March 31, 2016 decreased 13.2% to \$636.1 million from \$732.5 million in the comparable period in 2015. Decreases in total revenues were primarily related to continued weakness in crude oil markets, reductions in commodity pricing, weakening of the Canadian dollar and a slowdown in industrial production. SK Environmental Services increased total revenues in the three months ended March 31, 2016 from the comparable period in 2015 primarily due to our recent acquisitions. The weaker Canadian dollar and related effects of foreign currency translation on our Canadian business operations also negatively impacted direct revenues by approximately \$12.2 million in the three months ended March 31, 2016 as compared to the comparable period in 2015. Changes in segment revenues are more fully described in our Segment Performance section below.

We reported a loss from operations for the three months ended March 31, 2016 of \$4.1 million compared with income from operations of \$7.3 million in the three months ended March 31, 2015. Adjusted EBITDA, which is the primary financial measure by which our segments are evaluated, decreased 14.0% to \$67.3 million from \$78.3 million in the three months ended March 31, 2015. Additional information, including a reconciliation of Adjusted EBITDA to net loss, 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 three months ended March 31, 2016 and 2015 (in thousands).

	Summary of Operations (in thousands)			
	For the Three Months Ended			
	March 31,	March 31,	\$	%
	2016	2015	Change	Change
Third Party Revenues ⁽¹⁾ :				
Technical Services	\$219,105	\$240,325	\$(21,220)	(8.8)%
Industrial and Field Services	121,577	146,868	(25,291)	(17.2)
Kleen Performance Products	67,543	96,807	(29,264)	(30.2)
SK Environmental Services	179,418	160,684	18,734	11.7
Lodging Services	15,645	34,104	(18,459)	(54.1)
Oil and Gas Field Services	32,016	53,587	(21,571)	(40.3)
Corporate Items	779	124	655	528.2
Total	\$636,083	\$732,499	\$(96,416)	(13.2)%
Direct Revenues ⁽¹⁾ :				
Technical Services	\$254,337	\$276,526	\$(22,189)	(8.0)%
Industrial and Field Services	114,094	140,385	(26,291)	(18.7)
Kleen Performance Products	58,135	78,549	(20,414)	(26.0)
SK Environmental Services	160,671	149,102	11,569	7.8
Lodging Services	15,930	34,285	(18,355)	(53.5)
Oil and Gas Field Services	32,982	54,928	(21,946)	(40.0)
Corporate Items	(66)	(1,276)	1,210	94.8
Total	636,083	732,499	(96,416)	(13.2)
Cost of Revenues ⁽²⁾ :				
Technical Services	174,046	189,540	(15,494)	(8.2)
Industrial and Field Services	97,417	114,419	(17,002)	(14.9)
Kleen Performance Products	49,374	78,224	(28,850)	(36.9)
SK Environmental Services	98,055	94,530	3,525	3.7
Lodging Services	13,829	25,760	(11,931)	(46.3)
Oil and Gas Field Services	30,201	47,413	(17,212)	(36.3)
Corporate Items	1,357	(3,379)	4,736	(140.2)
Total	464,279	546,507	(82,228)	(15.0)
Selling, General & Administrative Expenses:				
Technical Services	19,893	23,585	(3,692)	(15.7)
Industrial and Field Services	14,559	15,657	(1,098)	(7.0)
Kleen Performance Products	4,201	4,801	(600)	(12.5)
SK Environmental Services	27,121	27,323	(202)	(0.7)
Lodging Services	1,082	1,615	(533)	(33.0)
Oil and Gas Field Services	4,175	6,112	(1,937)	(31.7)
Corporate Items	33,453	28,622	4,831	16.9
Total	104,484	107,715	(3,231)	(3.0)
Adjusted EBITDA:				
Technical Services	60,398	63,401	(3,003)	(4.7)
Industrial and Field Services	2,118	10,309	(8,191)	(79.5)
Kleen Performance Products	4,560	(4,476)	9,036	(201.9)

SK Environmental Services	35,495	27,249	8,246	30.3
Lodging Services	1,019	6,910	(5,891)	(85.3)
Oil and Gas Field Services	(1,394)	1,403	(2,797)	(199.4)
Corporate Items	(34,876)	(26,519)	(8,357)	(31.5)
Total	\$67,320	\$78,277	\$(10,957)	(14.0)%

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. Cost of revenue is shown exclusive of items presented separately on the statements of operations 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

For the Three Months Ended			
March 31,		2016 over 2015	
2016	2015	\$	%
		Change	Change

Direct revenues \$254,337 \$276,526 \$(22,189) (8.0)%

Technical Services direct revenues for the three months ended March 31, 2016 decreased 8.0%, or \$22.2 million, from the comparable period in 2015 primarily due to decreased revenues associated with our waste disposal services whereby waste is disposed of through our incinerator and landfill facilities network. This direct revenue decrease was impacted by lower waste volumes disposed of in our landfills, which decreased 33% primarily due to lower oil and gas production waste streams as well as project delays. The utilization rate at our incinerators was 86.6% for the three months ended March 31, 2016, compared with 90.9% in the comparable period of 2015. The decrease in utilization rate in the three months ended March 31, 2016 from the comparable period in 2015 was primarily due to lower overall industrial production as well as an additional five scheduled down days in the quarter ended March 31, 2016.

Industrial and Field Services

For the Three Months Ended			
March 31,		2016 over 2015	
2016	2015	\$	%
		Change	Change

Direct revenues \$114,094 \$140,385 \$(26,291) (18.7)%

Industrial and Field Services direct revenues for the three months ended March 31, 2016 decreased 18.7%, or \$26.3 million, from the comparable period in 2015. The decrease was primarily due to lower revenue amounts generated from industrial services work performed across Western Canada. Lower activity levels in this region which reduced customer maintenance and turnaround projects were the primary drivers of a \$24.0 million decrease in revenues in this region during the three months ended March 31, 2016, from the comparable period in 2015. Inclusive in the year over year changes within this segment were also the negative impacts of foreign currency translation on our Canadian operations of approximately \$2.9 million in the three months ended March 31, 2016 from the comparable period in 2015.

Kleen Performance Products

For the Three Months Ended			
March 31,		2016 over 2015	
2016	2015	\$	%
		Change	Change

Direct revenues \$58,135 \$78,549 \$(20,414) (26.0)%

Kleen Performance Products direct revenues represent third party revenues, which are earned on sales to external customers, reduced by intersegment revenues consisting of amounts paid to the SK Environmental Services segment for collections of used oil which is then further processed into manufacturing base and blended oil products sold by this segment. Direct revenues attributable to the Kleen Performance Products segment decreased 26.0%, or \$20.4 million, in the three months ended March 31, 2016 from the comparable period in 2015. Decreases in base and blended pricing accounted for \$27.0 million of the decrease from the comparable period in 2015. This negative impact to revenue was partially offset by the lower levels of intersegment revenue related to lower reimbursement to the SK Environmental segment for used oil. As compared to the comparable period in 2015, intersegment revenues were

reduced by \$8.8 million during the three months ended March 31, 2016. Inclusive in the year over year changes within this segment were also the negative impacts of foreign currency translation on our Canadian operations of approximately \$1.9 million in the three months ended March 31, 2016 from the comparable period in 2015.

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SK Environmental Services

For the Three Months Ended			
March 31,		2016 over 2015	
2016	2015	\$	%
		Change	Change

Direct revenues \$160,671 \$149,102 \$11,569 7.8 %

SK Environmental Services direct revenues include intersegment revenues earned from the sale of used oil collections to the Kleen Performance Products segment. SK Environmental Services direct revenues for the three months ended March 31, 2016 increased 7.8%, or \$11.6 million, from the comparable period in 2015 primarily due to increased revenues of \$15.6 million from the comparable period in 2015 as a result of our recent acquisitions and incremental organic growth. This increase was partially offset by expected reductions in intersegment revenues related to the sale of used oil to the Kleen Performance Products segment due to successful management in our charge-for-oil program.

Lodging Services

For the Three Months Ended			
March 31,		2016 over 2015	
2016	2015	\$	%
		Change	Change

Direct revenues \$15,930 \$34,285 \$(18,355) (53.5)%

Lodging Services direct revenues for the three months ended March 31, 2016 decreased 53.5%, or \$18.4 million, from the comparable period in 2015 primarily due to decreases in the occupancy rates at our lodges resulting from overall lower activity in oil related industries in Western Canada. The occupancy rate at our primary fixed lodges for the three months ended March 31, 2016 was 23%, compared to 50% in the comparable period in 2015. The decrease in demand also negatively impacted pricing consistent with overall market conditions which, combined with the lower occupancy rate, resulted in a decrease in direct revenue of \$11.0 million for the three months ended March 31, 2016 from the comparable period in 2015. Direct revenues derived from our camps and catering services also decreased \$7.6 million in the three months ended March 31, 2016 from the comparable period in 2015. Inclusive in the year over year changes within this segment were also the negative impacts of foreign currency translation on our Canadian operations of approximately \$1.7 million in the three months ended March 31, 2016 from the comparable period in 2015.

Oil and Gas Field Services

For the Three Months Ended			
March 31,		2016 over 2015	
2016	2015	\$	%
		Change	Change

Direct revenues \$32,982 \$54,928 \$(21,946) (40.0)%

Oil and Gas Field Services direct revenues for the three months ended March 31, 2016 decreased 40.0%, or \$21.9 million, from the comparable period in 2015 primarily due to lower levels of activity and rig counts serviced by the businesses which negatively impacted the utilization and overall pricing of our rental equipment and production services assets. Rig count serviced by the Oil and Gas Field Services segment decreased approximately 66% in the three months ended March 31, 2016 from the comparable period in 2015. Project cancellations and lower exploration budgets of our customers decreased overall activity levels in the marketplace, which also negatively impacted results in 2016. Inclusive in the year over year changes within this segment was also the negative impact of foreign currency translation on our Canadian operations of approximately \$2.1 million in the three months ended March 31, 2016 from the comparable period in 2015.

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 in an effort to improve our operating margins.

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Technical Services

	For the Three Months Ended			
	March 31,		2016 over 2015	
	2016	2015	\$	%
			Change	Change
Cost of revenues	\$174,046	\$189,540	\$(15,494)	(8.2)%
As a % of Direct Revenue	68.4	% 68.5	%	(0.1)%

Technical Services cost of revenues for the three months ended March 31, 2016 decreased 8.2%, or \$15.5 million, from the comparable period in 2015 due to decreases in transportation and fuel cost of \$5.4 million, raw material costs of \$3.2 million, repairs and maintenance costs of \$1.4 million, labor related costs of \$1.3 million and equipment rental costs of \$0.9 million. As a percentage of revenues, our costs remained consistent in the three months ended March 31, 2016 as compared to the comparable period in 2015.

Industrial and Field Services

	For the Three Months Ended			
	March 31,		2016 over 2015	
	2016	2015	\$	%
			Change	Change
Cost of revenues	\$97,417	\$114,419	\$(17,002)	(14.9)%
As a % of Direct Revenue	85.4	% 81.5	%	3.9 %

Industrial and Field Services cost of revenues for the three months ended March 31, 2016 decreased 14.9%, or \$17.0 million, from the comparable period in 2015, primarily due to decreases in labor related costs of \$4.6 million, equipment rental costs of \$4.4 million, transportation and fuel cost of \$2.4 million and raw material costs of \$0.6 million. Costs of revenues as a percentage of direct revenue increased 3.9% for the three months ended March 31, 2016 from the comparable period in 2015 primarily due to the decreased overall revenue levels experienced during the first three months of 2016 which outpaced decreases in cost structure.

Kleen Performance Products

	For the Three Months Ended			
	March 31,		2016 over 2015	
	2016	2015	\$	%
			Change	Change
Cost of revenues	\$49,374	\$78,224	\$(28,850)	(36.9)%
As a % of Direct Revenue	84.9	% 99.6	%	(14.7)%

Kleen Performance Products cost of revenues for the three months ended March 31, 2016 decreased 36.9%, or \$28.9 million, from the comparable period in 2015. The decrease in costs was driven by the value of higher priced used oil inventory consumed during the first three months of 2015 in the amount of \$18.0 million, which did not occur in the comparable period in 2016. In addition, there were decreases in transportation and fuel costs of \$2.0 million, oil additives and other raw material costs of \$1.8 million, equipment rental costs of \$0.6 million and utility costs of \$0.5 million. As a percentage of revenues, these costs decreased 14.7% in the three months ended March 31, 2016 from the comparable period in 2015 primarily as a result of the higher inventory cost that was realized during the first three months of 2015 that did not occur in the comparable period in 2016.

SK Environmental Services

	For the Three Months Ended			
	March 31,		2016 over 2015	
	2016	2015	\$	%
			Change	Change
Cost of revenues	\$98,055	\$94,530	\$3,525	3.7 %
As a % of Direct Revenue	61.0	% 63.4	%	(2.4)%

SK Environmental Services cost of revenues for the three months ended March 31, 2016 increased 3.7%, or \$3.5 million, from the comparable period in 2015 due to an increase in labor related costs of \$6.4 million primarily due to

our recent acquisitions partially offset by a decrease in oil additives and other raw material costs of \$3.2 million. As a percentage of revenues, these costs decreased 2.4% in the three months ended March 31, 2016 from the comparable period in 2015. The improved margins were most significantly impacted by the lower used oil collection costs.

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Lodging Services

	For the Three Months Ended			
	March 31,		2016 over 2015	
	2016	2015	\$	%
			Change	Change
Cost of revenues	\$13,829	\$25,760	\$(11,931)	(46.3)%
As a % of Direct Revenue	86.8	% 75.1	%	11.7 %

Lodging Services cost of revenues for the three months ended March 31, 2016 decreased 46.3%, or \$11.9 million, from the comparable period in 2015. This change was primarily due to decreases in catering costs of \$4.1 million, labor costs of \$3.8 million and equipment rental costs of \$1.6 million during the three months ended March 31, 2016 from the comparable period in 2015. These decreases were the result of overall lower demand for lodging segment services as overall activity in the regions in which the business operates declined. As a percentage of direct revenues, these costs increased 11.7% in the three months ended March 31, 2016 from the comparable period in 2015 as certain fixed costs incurred in the operations of our camps and lodges could not be reduced proportionate to the pricing and activity declines in the business.

Oil and Gas Field Services

	For the Three Months Ended			
	March 31,		2016 over 2015	
	2016	2015	\$	%
			Change	Change
Cost of revenues	\$30,201	\$47,413	\$(17,212)	(36.3)%
As a % of Direct Revenue	91.6	% 86.3	%	5.3 %

Oil and Gas Field Services cost of revenues for the three months ended March 31, 2016 decreased 36.3%, or \$17.2 million, from the comparable period in 2015 primarily due to decreases in labor related costs \$10.9 million, equipment rental costs of \$2.1 million and transportation and fuel costs of \$1.2 million. As a percentage of direct revenues, these costs increased 5.3% in the three months ended March 31, 2016 from the comparable period in 2015. This increase resulted from certain fixed costs incurred which could not be reduced proportionate to the overall lower revenue generated.

Selling, General and Administrative Expenses ("SG&A")

Selling, General and Administrative Expenses represent costs incurred in aspects of our business which are not directly attributable to the sale of our services and/or products. We strive to manage such costs commensurate with the overall performance of our segments and corresponding revenue levels. We believe that the ability to properly align these costs with overall business performance is reflective of our strong management of the businesses and further promotes our ability to remain competitive in the marketplace.

Technical Services

	For the Three Months Ended			
	March 31,		2016 over 2015	
	2016	2015	\$	%
			Change	Change
SG&A	\$19,893	\$23,585	\$(3,692)	(15.7)%
As a % of Direct Revenue	7.8	% 8.5	%	(0.7)%

Technical Services selling, general and administrative expenses for the three months ended March 31, 2016 decreased 15.7%, or \$3.7 million, from the comparable period in 2015 due to decreases in variable compensation of \$0.7 million, travel costs of \$0.6 million and changes in estimates for environmental liabilities of \$1.8 million as a result of an increase in the prior year that did not reoccur.

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Industrial and Field Services

	For the Three Months Ended			
	March 31,		2016 over 2015	
	2016	2015	\$	%
			Change	Change
SG&A	\$14,559	\$15,657	\$(1,098)	(7.0)%
As a % of Direct Revenue	12.8	% 11.2	%	1.6 %

Industrial and Field Services selling, general and administrative expenses for the three months ended March 31, 2016 decreased 7.0%, or \$1.1 million, from the comparable period in 2015 primarily due to a decrease in variable compensation of \$0.6 million. As a percentage of direct revenues, selling, general and administrative expense increased 1.6% in the three months ended March 31, 2016 from the comparable period in 2015 primarily due to the decreased overall revenue levels experienced during the first three months of 2016 which outpaced decreases in SG&A.

Kleen Performance Products

	For the Three Months Ended			
	March 31,		2016 over 2015	
	2016	2015	\$	%
			Change	Change
SG&A	\$4,201	\$4,801	\$(600)	(12.5)%
As a % of Direct Revenue	7.2	% 6.1	%	1.1 %

Kleen Performance Products selling, general and administrative expenses remained consistent for the three months ended March 31, 2016 as compared to the comparable period in 2015. As a percentage of direct revenues, selling, general and administrative expense increased 1.1% in the three months ended March 31, 2016 from the comparable period in 2015 primarily due to the decreased overall revenue levels experienced during the first three months of 2016 which outpaced decreases in SG&A.

SK Environmental Services

	For the Three Months Ended			
	March 31,		2016 over 2015	
	2016	2015	\$	%
			Change	Change
SG&A	\$27,121	\$27,323	\$(202)	(0.7)%
As a % of Direct Revenue	16.9	% 18.3	%	(1.4)%

SK Environmental Services selling, general and administrative expenses remained consistent for the three months ended March 31, 2016 as compared to the comparable period in 2015. As a percentage of direct revenues, selling, general and administrative expense decreased 1.4% in the three months ended March 31, 2016 from the comparable period in 2015 primarily due to the increased overall revenue levels experienced during the first three months of 2016 which outpaced increases in SG&A.

Lodging Services

	For the Three Months Ended			
	March 31,		2016 over 2015	
	2016	2015	\$	%
			Change	Change
SG&A	\$1,082	\$1,615	\$(533)	(33.0)%
As a % of Direct Revenue	6.8	% 4.7	%	2.1 %

Lodging Services selling, general and administrative expenses remained consistent for the three months ended March 31, 2016 as compared to the comparable period in 2015. As a percentage of direct revenues, selling, general and administrative expense increased 2.1% in the three months ended March 31, 2016 from the comparable period in 2015 as certain fixed costs incurred in the operations of our camps and lodges could not be reduced proportionate to the pricing declines seen in the business.

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Oil and Gas Field Services

	For the Three Months Ended			
	March 31,		2016 over 2015	
	2016	2015	\$	%
			Change	Change
SG&A	\$4,175	\$6,112	\$(1,937)	(31.7)%
As a % of Direct Revenue	12.7 %	11.1 %		1.6 %

Oil and Gas Field Services selling, general and administrative expenses for the three months ended March 31, 2016 decreased 31.7%, or \$1.9 million, in the three months ended March 31, 2016 from the comparable period in 2015 primarily due to decreases in labor costs of \$0.8 million, professional fees of \$0.2 million and travel costs of \$0.2 million. As a percentage of direct revenues selling, general and administrative expense increased 1.6% in the three months ended March 31, 2016 from the comparable period in 2015 primarily because certain fixed costs incurred could not be reduced proportionate to the overall lower business activity.

Corporate Items

	For the Three Months Ended			
	March 31,		2016 over 2015	
	2016	2015	\$	%
			Change	Change
SG&A	\$33,453	\$28,622	\$4,831	16.9 %

Corporate Items selling, general and administrative expenses for the three months ended March 31, 2016 increased 16.9%, or \$4.8 million in the three months ended March 31, 2016 from the comparable period in 2015 primarily due to increased severance costs of \$2.7 million as well as increased changes in estimates for environmental liabilities of \$1.4 million due to reductions in the prior year that did not reoccur. These increases were partially offset by cost savings initiatives of \$2.0 million.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("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.

	For the Three Months Ended			
	2016	2015	\$	%
			Change	Change
Adjusted EBITDA:				
Technical Services	\$60,398	\$63,401	\$(3,003)	(4.7)%
Industrial and Field Services	2,118	10,309	(8,191)	(79.5)
Kleen Performance Products	4,560	(4,476)	9,036	(201.9)
SK Environmental Services	35,495	27,249	8,246	30.3
Lodging Services	1,019	6,910	(5,891)	(85.3)
Oil and Gas Field Services	(1,394)	1,403	(2,797)	(199.4)
Corporate Items	(34,876)	(26,519)	(8,357)	(31.5)
Total	\$67,320	\$78,277	\$(10,957)	(14.0)%

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.

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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 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):

	For the Three Months Ended March 31,	
	2016	2015
Net loss	\$(20,871)	\$(7,089)
Accretion of environmental liabilities	2,505	2,619
Depreciation and amortization	68,902	68,356
Other expense (income)	350	(409)
Interest expense, net	18,980	19,438
Benefit for income taxes	(2,546)	(4,638)
Adjusted EBITDA	\$67,320	\$78,277

Depreciation and Amortization

	For the Three Months Ended March 31,			
	2016	2015	2016 over 2015	
			\$	%
			Change	Change
Depreciation of fixed assets and landfill amortization	\$59,341	\$57,355	\$1,986	3.5%
Permits and other intangibles amortization	9,561	11,001	(1,440)	(13.1)
Total depreciation and amortization	\$68,902	\$68,356	\$546	0.8%

Depreciation and amortization increased \$0.5 million for the three months ended March 31, 2016 from the comparable period in 2015 primarily due to a larger fixed asset base as a result of our recent acquisitions partially offset by lower amortization.

Benefit for Income Taxes

	For the Three Months Ended March 31,			
	2016	2015	2016 over 2015	
			\$	%
			Change	Change
Benefit for income taxes	\$(2,546)	\$(4,638)	\$2,092	(45.1)%

Income tax benefit for the three months ended March 31, 2016 decreased \$2.1 million as compared to the comparable period in 2015. The decrease is primarily due to not recognizing income tax benefits from current operating losses related to certain Canadian entities. If such losses were able to be currently recognized through our estimated annual effective tax rate, the benefit for income taxes for the three months ended March 31, 2016 would have been approximately \$10.4 million.

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Liquidity and Capital Resources

(in thousands)	For the Three Months Ended	
	2016	2015
Net cash from operating activities	\$39,289	\$84,777
Net cash used in investing activities	(110,013)	(53,360)
Net cash from financing activities	236,794	(37,194)

Net cash from operating activities

Net cash from operating activities for the three months ended March 31, 2016 was \$39.3 million, a decrease of 53.7%, or \$45.5 million, compared with net cash from operating activities for the comparable period in 2015. The change was primarily the result of a net increase in working capital driven by timing associated with payment of liabilities in first three months of 2016 from the comparable period in 2015 as well as increases in inventory.

Net cash used in investing activities

Net cash used in investing activities for the three months ended March 31, 2016 was \$110.0 million, an increase of 106.2%, or \$56.7 million, compared with cash used in investing activities for the comparable period in 2015. The change was primarily driven by an increase in cash paid for acquisitions in the first three months of 2016 and an increase in capital expenditures, which was inclusive of \$21.0 million in costs related to the construction of the new incinerator at our El Dorado, Arkansas facility.

Net cash from financing activities

Net cash from financing activities for the three months ended March 31, 2016 was \$236.8 million, compared with cash used for financing activities of \$37.2 million for the comparable period in 2015. The change was primarily due to the issuance on March 17, 2016 of \$250.0 million in aggregate principle amount of 5.125% senior notes due 2021.

Working Capital

At March 31, 2016, cash and cash equivalents totaled \$355.3 million, compared to \$184.7 million at December 31, 2015. At March 31, 2016, cash and cash equivalents held by our foreign subsidiaries totaled \$79.5 million and were readily convertible into other foreign currencies including U.S. dollars. At March 31, 2016, the cash and cash equivalent balance for our U.S. operations was \$275.9 million, and our U.S. operations had net operating cash flows of \$43.8 million for the three months ended March 31, 2016. Additionally, we have a \$400.0 million revolving credit facility of which approximately \$156.4 million was available to borrow at March 31, 2016. Based on the above and on our current plans, we believe that our U.S. operations have adequate financial resources to satisfy their liquidity needs without being required to repatriate earnings from foreign subsidiaries. Accordingly, although repatriation to the U.S. of foreign earnings would generally be subject to U.S. income taxation, net of any available foreign tax credits, we have not recorded any deferred tax liability related to such repatriation since we intend to permanently reinvest foreign earnings outside the U.S.

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing, and financing activities. Our primary ongoing cash requirements will be to fund operations, capital expenditures, interest payments and investments in line with our business strategy. We believe our future operating cash flows will be sufficient to meet our future operating and internal investing cash needs as well as any cash needs relating to our stock repurchase program. Furthermore, our existing cash balance and the availability of additional borrowings under our revolving credit facility provide additional potential sources of liquidity should they be required.

Financing Arrangements

The financing arrangements and principal terms of our \$800.0 million principal amount of 5.25% senior unsecured notes due 2020 and \$845.0 million principal amount of 5.125% senior unsecured notes due 2021 which were outstanding at March 31, 2016, and our \$400.0 million revolving credit facility, are discussed further in Note 10, "Financing Arrangements," to our consolidated financial statements included herein.

As of March 31, 2016, we were in compliance with the covenants of all of our debt agreements, and we believe it is reasonably likely that we will continue to meet such covenants.

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Common Stock Repurchase Program

On March 13, 2015, our Board of Directors authorized the repurchase of up to \$300 million of our common stock. We intend to fund the repurchases through available cash resources. The repurchase program authorizes us to purchase our common stock on the open market from time to time. The share 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 will 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. During the three months ended March 31, 2016, we repurchased and retired a total of 0.1 million shares of our common stock for a total cost of \$5.0 million. Through March 31, 2016, we have repurchased and retired a total of 3.5 million shares of our common stock for a total cost of \$182.7 million under this program. As of March 31, 2016, an additional \$117.3 million remains available for repurchase of shares under the current authorized program.

Environmental Liabilities

(in thousands)	March 31, December 31, \$		%	
	2016	2015	Change	Change
Closure and post-closure liabilities	\$58,090	\$ 56,249	\$1,841	3.3 %
Remedial liabilities	131,379	131,992	(613)	(0.5)
Total environmental liabilities	\$ 189,469	\$ 188,241	\$ 1,228	0.7 %

Total environmental liabilities as of March 31, 2016 were \$189.5 million, an increase of 0.7%, or \$1.2 million, compared to the liabilities as of a comparable date in 2015 primarily due to expenditures of \$3.5 million partially offset by accretion of \$2.5 million.

We anticipate our environmental liabilities, substantially all of which we assumed in connection with our acquisitions, will be payable over many years and that cash flow from operations will generally be sufficient to fund the payment of such liabilities when required. However, events not anticipated (such as future changes in environmental laws and regulations) could require that such payments be made earlier or in greater amounts than currently anticipated, which could adversely affect our results of operations, cash flow and financial condition.

Capital Expenditures

We anticipate that 2016 capital spending will be approximately \$200 million. This includes the construction of the new incinerator at our El Dorado, Arkansas facility, which will likely add \$50 million in 2016. However, changes in environmental regulations could require us to make significant capital expenditures for our facilities and adversely affect our results of operations and cash flow.

Critical Accounting Policies and Estimates

Other than described below, there were no material changes in the first three months of 2016 to the information provided under the heading "Critical Accounting Policies and Estimates" included in our Annual Report on Form 10-K for the year ended December 31, 2015.

Goodwill. Goodwill is not amortized but is reviewed for impairment annually as of December 31 or when events or changes in the business environment indicate the carrying value of the reporting unit may exceed its fair value. This review is performed by comparing the fair value of each reporting unit to its carrying value, including goodwill. If the fair value is less than the carrying amount, a Step II analysis of the fair value of all the elements of the reporting unit is performed to determine if and to what degree goodwill is impaired. The loss, if any, is measured as the excess of the carrying value of the goodwill over the value of the goodwill implied by the results of the Step II analysis.

We determine our reporting units by identifying the components of each operating segment, and then in some circumstances aggregate components having similar economic characteristics based on quantitative and/or qualitative factors. We have determined that, as of both December 31, 2015 and March 31, 2016, we have seven reporting units. Our Technical Services, Kleen Performance Products, SK Environmental Services, Lodging Services and Oil and Gas Field Services segments each constitute a reporting unit. Our Industrial and Field Services segment includes two separate reporting units: Industrial Services and Field Services.

We conducted our annual impairment test of goodwill for all of our reporting units to which goodwill is allocated as of December 31, 2015 and determined that no adjustment to the carrying value of goodwill for any reporting unit was then necessary. In all cases except for our Kleen Performance Products reporting unit, the estimated fair values of each reporting unit significantly exceeded their carrying values. The annual impairment test fair value for all of our reporting units is determined using an income

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approach (a discounted cash flow analysis) which incorporates several underlying estimates and assumptions with varying degrees of uncertainty. The discounted cash flow analyses include estimated cash flows for a discrete five year future period and for a terminal period thereafter. In all instances, we corroborate our estimated fair values by also considering other factors such as the fair value of comparable companies to businesses contained in our reporting units. As part of the annual test we also perform a reconciliation of the total estimated fair values of all reporting units to our market capitalization.

During the three months ended March 31, 2016, we continued to evaluate the Kleen Performance Products reporting unit's performance and monitor for events or changes in circumstances which might indicate that the estimated fair value of the Kleen Performance Products reporting unit was below its carrying value. No such events or changes in circumstances existed in the three months ended March 31, 2016.

Other Long-Lived Assets. As of March 31, 2016, the Oil and Gas Field Services reporting unit had other long-lived assets consisting of: property, plant and equipment, net of \$153.9 million and intangible assets of \$13.7 million. In consideration of the reporting unit's continued lower than historical results and overall slowdown in the oil and gas related industries, we continue to monitor the carrying value of the segment's long-lived assets and assess the risk of asset impairment. As a result of analyses performed as of March 31, 2016, we concluded that no events or circumstances have arisen which would indicate that the carrying values of the assets are not recoverable.

We will continue to evaluate all of our goodwill and other long lived assets impacted by economic downturns in oil and energy related markets in which they operate. If further economic difficulties resulting from depressed oil and gas related pricing and lower overall activity levels continue for a significant foreseeable period of time, impairments may result and be recorded relative to our long-lived assets or goodwill held by businesses impacted by the oil and gas related markets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There were no material changes in the first three months of 2016 to the information provided under Item 7A.

"Quantitative and Qualitative Disclosures about Market Risk" in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, as of the end of the period covered by this Quarterly Report on 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined under Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) were effective as of March 31, 2016 to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that was conducted during the quarter ending March 31, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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CLEAN HARBORS, INC. AND SUBSIDIARIES

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 14, “Commitments and Contingencies,” to the financial statements included in Item 1 of this report, which description is incorporated herein by reference.

ITEM 1A. RISK FACTORS

During the three months ended March 31, 2016, there were no material changes from the risk factors as previously disclosed in Item 1A in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Common Stock Repurchase Program

The following table provides information with respect to the shares of common stock repurchased by us for the periods indicated.

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)
January 1, 2016 through January 31, 2016	15,240	\$ 41.68	—	\$122,311,562
February 1, 2016 through February 29, 2016	1,650	\$ 43.39	—	\$122,311,562
March 1, 2016 through March 31, 2016	181,118	\$ 47.03	104,200	\$117,313,619
Total	198,008	\$ 46.59	104,200	\$117,313,619

(1) Includes 93,808 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 the stock repurchase program includes the commissions paid to brokers.

(3) On March 13, 2015, the Company's board of directors authorized the repurchase of up to \$300 million of the Company's 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 will 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.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable

ITEM 5. OTHER INFORMATION

None

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ITEM 6. EXHIBITS		
Item No.	Description	Location
31.1	Rule 13a-14a/15d-14(a) Certification of the CEO Alan S. McKim	Filed herewith
31.2	Rule 13a-14a/15d-14(a) Certification of the CFO Michael L. Battles	Filed herewith
32	Section 1350 Certifications	Filed herewith
101	Interactive Data Files Pursuant to Rule 405 of Regulation S-T: Financial statements from the quarterly report on Form 10-Q of Clean Harbors, Inc. for the quarter ended March 31, 2016, formatted in XBRL: (i) Consolidated Balance Sheets, (ii) Unaudited Consolidated Statements of Operations, (iii) Unaudited Consolidated Statements of Comprehensive Income (Loss), (iv) Unaudited Consolidated Statements of Cash Flows, (v) Unaudited Consolidated Statements of Stockholders' Equity, and (vi) Notes to Unaudited Consolidated Financial Statements.	*

Interactive data files are furnished and deemed not filed or part of a registration statement or prospectus for purposes *of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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CLEAN HARBORS, INC. AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLEAN HARBORS, INC.

Registrant

By: /s/ ALAN S. MCKIM

Alan S. McKim

Chairman and Chief Executive Officer

Date: May 4, 2016

By: /s/ MICHAEL L. BATTLES

Michael L. Battles

Executive Vice President and Chief Financial Officer

Date: May 4, 2016