

CLEAN HARBORS INC  
Form 8-K/A  
March 08, 2013

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K/A**

Amendment No. 1 to

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 28, 2012**

**CLEAN HARBORS, INC.**

(Exact name of registrant as specified in its charter)

**Massachusetts**  
(State or other jurisdiction  
of incorporation)

**001-34223**  
(Commission  
File Number)

**04-2997780**  
(IRS Employer  
Identification No.)

**42 Longwater Drive, Norwell,  
Massachusetts**  
(Address of principal executive offices)

**02061-9149**  
(Zip Code)

**(781) 792-5000**

(Registrant's telephone number, including area code)

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**Not Applicable**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Explanatory Note**

On January 4, 2013, Clean Harbors, Inc. (the Company, Clean Harbors, or we ) filed with the Securities and Exchange Commission a Current Report on Form 8-K (the Initial 8-K Report ) reporting, among other matters, the Company's acquisition on December 28, 2012 of all of the outstanding shares of Safety-Kleen, Inc., a Delaware corporation ( Safety-Kleen ).

In accordance with Item 9.01 of Form 8-K, the Initial 8-K Report included the historical financial statements of Safety-Kleen and the unaudited pro forma condensed combined financial information of the Company (collectively, the Financial Information ). This Amendment is being filed to revise the Company's condensed combined financial information required by Item 9.01(b) of Form 8-K, and this Amendment should be read in conjunction with the Initial 8-K Report including, in particular, the historical financial statements of Safety-Kleen included in the Financial Information as originally filed.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Information

**Page**

Unaudited Pro Forma Condensed Combined Financial Statements:

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

On October 26, 2012, Clean Harbors, Inc. ( Clean Harbors or we ) signed an agreement and plan of merger to acquire Safety-Kleen, Inc. ( Safety-Kleen ) for a purchase price (subject to certain working capital and other adjustments) of \$1,250.0 million. The merger agreement was subsequently closed on December 28, 2012. Under the terms of the merger agreement, we agreed to pay to the Safety-Kleen shareholders and option holders cash consideration in an amount equal to \$1,250.0 million *plus* the amount of cash and cash equivalents held by Safety-Kleen on the closing date *less* the amount of debt held by Safety-Kleen on the closing date, *plus* or *minus*, as applicable, the amount by which Safety-Kleen's working capital (excluding cash) on the closing date exceeded or was less than \$50.0 million. The amount of Safety-Kleen's working capital on the closing date was reduced by the amount of Safety-Kleen's legal and other expenses in connection with the merger and related transactions except to the extent that Safety-Kleen had previously paid such expenses.

We funded the purchase price for Safety-Kleen and paid our related fees and expenses through (i) our available cash, (ii) our sale on December 3, 2012 in a public offering of 6.9 million shares of our common stock at a public offering price of \$56.00 per share (the Stock Offering ), and (iii) our sale on December 7, 2012 in a private offering of \$600.0 million aggregate principal amount of 5.125% senior unsecured notes due 2021 (the Notes Offering ). The following unaudited pro forma condensed combined financial information for Clean Harbors and Safety-Kleen as a combined company gives effect to (i) the Stock Offering, (ii) the Notes Offering, (iii) the acquisition method of accounting for our acquisition of Safety-Kleen, and (iv) payment of our related fees and expenses (collectively, the Transactions ). The unaudited pro forma condensed combined balance sheet as at September 30, 2012 is presented as if the Transactions had been completed on September 30, 2012. The unaudited pro forma condensed combined statements of income for the year ended December 31, 2011 and for the nine months ended September 30, 2012 are presented as if the Transactions had been completed on January 1, 2011, the first day of our fiscal 2011.

The following unaudited pro forma condensed combined financial information is based on the historical financial statements of Clean Harbors and Safety-Kleen described below. Both Safety-Kleen's and our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. Our fiscal year is different than Safety-Kleen's historical fiscal year. Our fiscal year ends on December 31, while Safety-Kleen has utilized a 53-week fiscal year comprised of 12 periods consisting of four weeks with the exception of period 13 which consisted of five weeks, each ending on a Saturday. The unaudited pro forma condensed combined balance sheet combines our historical condensed combined balance sheet as at September 30, 2012 with Safety-Kleen's historical consolidated balance sheet as at October 6, 2012. The unaudited pro forma combined statement of income for the nine months ended September 30, 2012 combines our historic consolidated statement of income for the nine months ended September 30, 2012 with Safety-Kleen's historical consolidated statement of income for the 40 weeks ended October 6, 2012. Safety-Kleen's fiscal year end did not differ from ours for the year ended December 31, 2011.

The following unaudited pro forma condensed combined financial information does not purport to represent what our results of operations or financial position would actually have been had the Transactions occurred on the dates described above or to project our results of operations or financial position for any future date or period. The information does not reflect cost savings, operating synergies or revenue enhancements expected to result from our acquisition of Safety-Kleen or the costs to achieve any such cost savings, operating synergies or revenue enhancements. The information reflects our preliminary estimates of the allocation of the purchase price for Safety-Kleen based upon available information and certain assumptions that we believe are reasonable under the circumstances, and actual results could differ materially from these anticipated results. The final allocation of the purchase price will be determined after completion of the merger and will be based on the final purchase price, as it may be adjusted in accordance with the merger agreement, and Safety-Kleen's tangible and identifiable intangible assets acquired and liabilities assumed.

The following unaudited pro forma condensed combined financial information and the accompanying notes should be read together with (1) Clean Harbors' audited consolidated financial statements and accompanying notes, as of and for the fiscal year ended December 31, 2011, and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Clean Harbors' Annual Report on Form 10-K for the fiscal year



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ended December 31, 2011, which was filed with the SEC on February 29, 2012, as such audited financial statements, notes and Management's Discussion and Analysis were subsequently superseded or modified through Clean Harbors' Report on Form 8-K filed on July 16, 2012, (2) Clean Harbors' unaudited condensed consolidated financial statements and accompanying notes as of and for the nine months ended September 30, 2012 and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Clean Harbors Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2012, which was filed with the SEC on November 9, 2012, (3) Safety-Kleen's audited consolidated financial statements as of and for the years ended December 26, 2009, December 25, 2010, and December 31, 2011, included in Clean Harbors' Report on Form 8-K which was filed with the SEC on January 4, 2013 (the Initial Form 8-K Report), and (4) Safety-Kleen's unaudited condensed consolidated financial statements as of and for the 40 weeks ended October 1, 2011 and October 6, 2012, included in the Initial Form 8-K Report.

## CLEAN HARBORS, INC. AND SUBSIDIARIES

## UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

## ASSETS

AS AT SEPTEMBER 30, 2012

(dollars in thousands)

|   | Clean Harbors | Safety-Kleen | Acquisition Pro Forma Adjustments | Notes       | Acquisition Pro Forma | Stock and Notes Offerings Pro Forma Adjustments | Notes | Pro Forma    |
|---|---------------|--------------|-----------------------------------|-------------|-----------------------|---|-------|--------------|
| Current assets:                           |               |              |                                   |             |                       |   |       |              |
| Cash and cash equivalents                 | \$ 523,614    | \$ 48,253    | \$ (1,299,024)                    | (a)         | \$ (727,157)          | \$ 952,731                                      | (a)   | \$ 225,574   |
| Marketable securities                     | 11,113        |              |                                   |             | 11,113                |   |       | 11,113       |
| Accounts receivable, net                  | 399,362       | 171,643      | (5,064)                           | (b),(h)     | 565,941               |   |       | 565,941      |
| Unbilled accounts receivable              | 34,401        |              | 3,061                             | (b)         | 37,462                |   |       | 37,462       |
| Deferred costs                            | 6,995         |              | 10,733                            | (b)         | 17,728                |   |       | 17,728       |
| Prepaid expenses and other current assets | 53,252        | 25,363       | (24,068)                          | (a),(b),(c) | 54,547                |   |       | 54,547       |
| Supplies inventories                      | 63,934        | 89,544       | 14,736                            | (d)         | 168,214               |   |       | 168,214      |
| Deferred tax assets                       | 16,617        | 11,054       |                                   |             | 27,671                |   |       | 27,671       |
| Total current assets                      | 1,109,288     | 345,857      | (1,299,626)                       |             | 155,519               | 952,731   |       | 1,108,250    |
| Property, plant and equipment, net        | 1,003,414     | 317,004      | 364,660                           | (b),(e)     | 1,685,078             |   |       | 1,685,078    |
| Other assets:                             |               |              |                                   |             |                       |   |       |              |
| Long-term investments                     | 4,326         |              |                                   |             | 4,326                 |   |       | 4,326        |
| Deferred financing costs                  | 12,530        |              |                                   |             | 12,530                | 10,559  | (g)   | 23,089       |
| Goodwill                                  | 157,724       | 36,787       | 275,753                           | (i)         | 470,264               |   |       | 470,264      |
| Permits and other intangibles, net        | 151,810       | 83,369       | 373,531                           | (b),(f)     | 608,710               |   |       | 608,710      |
| Deferred tax assets                       |               | 57,756       | (57,756)                          | (b)         |                       |   |       |              |
| Other                                     | 10,311        | 7,515        | 52,991                            | (b),(c)     | 70,817                |   |       | 70,817       |
| Total other assets                        | 336,701       | 185,427      | 644,519                           |             | 1,166,647             | 10,559  |       | 1,177,206    |
| Total assets                              | \$ 2,449,403  | \$ 848,288   | \$ (290,447)                      |             | \$ 3,007,244          | \$ 963,290                                      |       | \$ 3,970,534 |

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See accompanying notes to unaudited pro forma condensed combined financial statements.



## CLEAN HARBORS, INC. AND SUBSIDIARIES

## UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

## LIABILITIES AND STOCKHOLDERS EQUITY

AS AT SEPTEMBER 30, 2012

(dollars in thousands)

|   | Clean Harbors | Safety-Kleen | Acquisition<br>Pro Forma<br>Adjustments | Notes           | Acquisition<br>Pro Forma | Stock and<br>Notes<br>Offerings<br>Pro Forma<br>Adjustments | Notes | Pro Forma |
|---|---------------|--------------|---|-----------------|--------------------------|---|-------|-----------|
| Current liabilities:  |               |              |   |                 |                          |   |       |           |
| Current portion of long-term debt                                 | \$            | \$ 2,500     | \$ (2,500)                              | (k)             | \$                       | \$  |       | \$        |
| Current portion of capital lease obligations                      | 5,937         |              |   |                 | 5,937                    |   |       | 5,937     |
| Accounts payable  | 174,327       | 88,191       | (2,003)                                 | (h)             | 260,515                  |   |       | 260,515   |
| Deferred revenue  | 29,060        | 32,009       |   |                 | 61,069                   |   |       | 61,069    |
| Accrued expenses  | 136,687       | 87,006       | 18,964                                  | (b),(c),(d),(j) | 242,657                  |   |       | 242,657   |
| Accrued salaries and benefits                                     |               | 30,574       | (30,574)                                | (b)             |                          |   |       |           |
| Current portion of closure, post-closure and remedial liabilities | 19,552        | 7,046        |   |                 | 26,598                   |   |       | 26,598    |
| Income taxes payable  |               | 1,763        | (1,763)                                 | (b)             |                          |   |       |           |
| Total current liabilities   | 365,563       | 249,089      | (17,876)                                |                 | 596,776                  |   |       | 596,776   |
| Other liabilities:  |               |              |   |                 |                          |   |       |           |
| Closure and post-closure liabilities, less current portion        | 29,712        |              | 16,808                                  | (b)             | 46,520                   |   |       | 46,520    |
| Remedial liabilities, less current portion                        | 117,981       |              | 34,445                                  | (b)             | 152,426                  |   |       | 152,426   |
| Environmental liabilities   |               | 51,253       | (51,253)                                | (b)             |                          |   |       |           |
| Long-term obligations, less current maturities                    | 800,000       | 220,625      | (220,625)                               | (k)             | 800,000                  | 600,000   | (k)   | 1,400,000 |
| Capital lease obligations, less current portion                   | 3,477         |              |   |                 | 3,477                    |   |       | 3,477     |
| Unrecognized tax benefits and other long-term liabilities         | 125,915       | 21,458       | 258,366                                 | (e),(f)         | 405,739                  |   |       | 405,739   |
| Total other liabilities   | 1,077,085     | 293,336      | 37,741                                  |                 | 1,408,162                | 600,000   |       | 2,008,162 |
| Stockholders equity:  |               |              |   |                 |                          |   |       |           |
| Common stock, \$.01 par value:                                    | 534           | 509          | (509)                                   | (l)             | 534                      | 69  | (l)   | 603       |

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|   |              |            |              |     |              |            |     |              |
|---|--------------|------------|--------------|-----|--------------|------------|-----|--------------|
| Clean Harbors authorized 80,000,000; pro forma shares issued and outstanding 60,286,280 |              |            |              |     |              |            |     |              |
| Shares held under employee participation plan   | (469)        |            |              |     | (469)        |            |     | (469)        |
| Additional paid-in capital  | 508,182      | 390,560    | (390,560)    | (1) | 508,182      | 368,409    | (1) | 876,591      |
| Accumulated other comprehensive income  | 59,056       | 4,675      | (4,675)      | (1) | 59,056       |            |     | 59,056       |
| Accumulated earnings (deficit)  | 439,452      | (89,881)   | 85,432       | (1) | 435,003      | (5,188)    | (1) | 429,815      |
| Total Clean Harbors and Safety-Kleen stockholders equity                                | 1,006,755    | 305,863    | (310,312)    |     | 1,002,306    | 363,290    |     | 1,365,596    |
| Total liabilities and stockholders equity   | \$ 2,449,403 | \$ 848,288 | \$ (290,447) |     | \$ 3,007,244 | \$ 963,290 |     | \$ 3,970,534 |

See accompanying notes to unaudited pro forma condensed combined financial statements.

## CLEAN HARBORS, INC. AND SUBSIDIARIES

## UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2011

(in thousands)

|   | Clean Harbors | Safety-Kleen | Acquisition<br>Pro Forma<br>Adjustments | Notes       | Acquisition<br>Pro Forma | Stock and<br>Notes<br>Offerings<br>Pro Forma<br>Adjustments | Notes | Pro Forma    |
|---|---------------|--------------|---|-------------|--------------------------|---|-------|--------------|
| Revenues:   |               |              |   |             |                          |   |       |              |
| Service revenues  | \$ 1,984,136  | \$ 576,120   | \$ (13,050)                             | (m)         | \$ 2,547,206             | \$  |       | \$ 2,547,206 |
| Product revenues  |               | 708,151      |   |             | 708,151                  |   |       | 708,151      |
| Total revenues  | 1,984,136     | 1,284,271    | (13,050)                                |             | 3,255,357                |   |       | 3,255,357    |
| Costs of revenues<br>(exclusive of<br>items shown<br>separately below)    | 1,379,991     | 1,076,348    | (50,093)                                | (m),(n),(p) | 2,406,246                |   |       | 2,406,246    |
| Selling, general<br>and administrative<br>expenses                        | 254,137       | 73,842       | 49,610                                  | (n)         | 377,589                  |   |       | 377,589      |
| Accretion of<br>environmental<br>liabilities                              | 9,680         |              | 2,169                                   | (n)         | 11,849                   |   |       | 11,849       |
| Depreciation and<br>amortization  | 122,663       | 66,808       | 17,580                                  | (o)         | 207,051                  |   |       | 207,051      |
| Income from<br>operations   | 217,665       | 67,273       | (32,316)                                |             | 252,622                  |   |       | 252,622      |
| Other<br>income(expense)  | 6,402         | (5,925)      |   |             | 477                      |   |       | 477          |
| Interest expense,<br>net  | (39,389)      | (10,321)     | 8,897                                   | (q)         | (40,813)                 | (31,992)  | (q)   | (72,805)     |
| Income (loss)<br>before provision<br>(benefit) for<br>income taxes        | 184,678       | 51,027       | (23,419)                                |             | 212,286                  | (31,992)  |       | 180,294      |
| Provision<br>(benefit) for<br>income taxes                                | 57,426        | (84,441)     | (8,197)                                 | (r)         | (35,212)                 | (11,197)  | (r)   | (46,409)     |
| Net income (loss)<br>attributable to<br>Clean Harbors<br>and Safety-Kleen | \$ 127,252    | \$ 135,468   | \$ (15,222)                             |             | \$ 247,498               | \$ (20,795)   |       | \$ 226,703   |
| Earnings per<br>Share:  |               |              |   |             |                          |   |       |              |
| Basic   | \$ 2.40       | \$ 2.61      |   |             | \$ 4.67                  |   |       | \$ 3.79      |

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|  |    |        |    |        |          |     |        |  |       |        |
|--|----|--------|----|--------|----------|-----|--------|--|-------|--------|
| Diluted  | \$ | 2.39   | \$ | 2.55   |          | \$  | 4.64   |  | \$    | 3.76   |
| Weighted average common shares outstanding   |    | 52,961 |    | 51,876 | (51,876) |     | 52,961 |  | 6,900 | 59,861 |
| Weighted average common shares outstanding plus potentially dilutive common shares |    | 53,324 |    | 53,064 | (53,064) | (s) | 53,324 |  | 6,900 | 60,224 |

See accompanying notes to unaudited pro forma condensed combined financial statements.

## CLEAN HARBORS, INC. AND SUBSIDIARIES

## UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

(in thousands)

|   | Clean Harbors | Safety-Kleen | Acquisition<br>Pro Forma<br>Adjustments | Notes   | Acquisition<br>Pro Forma | Stock and<br>Notes<br>Offerings<br>Pro Forma<br>Adjustments | Notes | Pro Forma    |
|---|---------------|--------------|---|---------|--------------------------|---|-------|--------------|
| Revenues  |               |              |   |         |                          |   |       |              |
| Service revenues  | \$ 1,628,946  | \$ 469,087   | \$ (8,471)                              | (m)     | \$ 2,089,562             |   |       | \$ 2,089,562 |
| Product revenues  |               | 601,897      |   |         | 601,897                  |   |       | 601,897      |
| Total revenues  | 1,628,946     | 1,070,984    | (8,471)                                 |         | 2,691,459                |   |       | 2,691,459    |
| Costs of revenues<br>(exclusive of items<br>shown separately<br>below)    | 1,140,878     | 877,677      | (48,986)                                | (m),(n) | 1,969,569                |   |       | 1,969,569    |
| Selling, general and<br>administrative<br>expenses                        | 197,892       | 67,109       | 38,628                                  | (n)     | 303,629                  |   |       | 303,629      |
| Accretion of<br>environmental<br>liabilities                              | 7,409         |              | 1,888                                   | (n)     | 9,297                    |   |       | 9,297        |
| Depreciation and<br>amortization  | 116,794       | 49,436       | 13,855                                  | (o)     | 180,085                  |   |       | 180,085      |
| Income from<br>operations   | 165,973       | 76,762       | (13,856)                                |         | 228,879                  |   |       | 228,879      |
| Other expense   | (465)         | (4,903)      |   |         | (5,368)                  |   |       | (5,368)      |
| Loss on early<br>extinguishment of<br>debt                                | (26,385)      |              |   |         | (26,385)                 |   |       | (26,385)     |
| Interest expense, net   | (33,836)      | (10,284)     | 8,980                                   | (q)     | (35,140)                 | (23,994)  | (q)   | (59,134)     |
| Income (loss) before<br>provision for income<br>taxes                     | 105,287       | 61,575       | (4,876)                                 |         | 161,986                  | (23,994)  |       | 137,992      |
| Provision for income<br>taxes   | 37,487        | 19,278       | (1,706)                                 | (r)     | 55,059                   | (8,398)   | (r)   | 46,661       |
| Net income (loss)<br>attributable to Clean<br>Harbors and<br>Safety-Kleen | \$ 67,800     | \$ 42,297    | \$ (3,170)                              |         | \$ 106,927               | \$ (15,596)   |       | \$ 91,331    |
| Earnings per Share:   |               |              |   |         |                          |   |       |              |
| Basic   | \$ 1.27       | \$ 0.82      |   |         | \$ 2.01                  |   |       | \$ 1.52      |
| Diluted   | \$ 1.27       | \$ 0.80      |   |         | \$ 2.00                  |   |       | \$ 1.51      |
|   | 53,303        | 51,622       | (51,622)                                |         | 53,303                   | 6,900   |       | 60,203       |

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|  |        |        |          |     |        |       |        |
|--|--------|--------|----------|-----|--------|-------|--------|
| Weighted average common shares outstanding   |        |        |          |     |        |       |        |
| Weighted average common shares outstanding plus potentially dilutive common shares | 53,519 | 52,880 | (52,880) | (s) | 53,519 | 6,900 | 60,419 |

See accompanying notes to unaudited pro forma condensed combined financial statements.

## NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

**1. The Merger**

On October 26, 2012, Clean Harbors and Safety-Kleen signed an Agreement and Plan of Merger dated as of that date (the Merger Agreement) which provided that, subject to the terms and conditions contained in the Merger Agreement, Clean Harbors would acquire Safety-Kleen (the Merger). Safety-Kleen, a Delaware corporation headquartered in Richardson, Texas, is the largest re-refiner and recycler of used oil in North America and a leading provider of parts cleaning and environmental services.

Under the terms of the Merger Agreement, which was subsequently closed on December 28, 2012, Clean Harbors agreed to pay to the Safety-Kleen's shareholders and option holders cash consideration in an amount equal to \$1,250.0 million plus the amount of cash and cash equivalents held by Safety-Kleen on the closing date, less the amount of debt owed by Safety-Kleen on the closing date for borrowed money and capital lease obligations, plus or minus, as applicable, the amount by which Safety-Kleen's working capital (excluding cash) on the closing date exceeded or was less than \$50.0 million.

The following table summarizes the components of the estimated total consideration included in the pro forma condensed combined financial statements as if the Merger had been completed on September 30, 2012 (in thousands):

|   |    |           |
|---|----|-----------|
| Estimated cash consideration                                    | \$ | 1,250,000 |
| Plus estimated working capital adjustment at September 30, 2012 |    | 11,271    |
| Estimated total purchase price                                  | \$ | 1,261,271 |

The following summarizes the preliminary purchase price allocation, as if the Merger had occurred on September 30, 2012 (in thousands):

|   |    |           |
|---|----|-----------|
| <b>Assets to be acquired:</b>                                     |    |           |
| Accounts receivable   | \$ | 168,582   |
| Unbilled accounts receivable                                      |    | 3,061     |
| Prepaid expenses and other current assets                         |    | 11,795    |
| Deferred costs  |    | 10,733    |
| Inventory   |    | 104,280   |
| Current deferred tax assets                                       |    | 11,054    |
| Goodwill  |    | 312,540   |
| Property, plant and equipment                                     |    | 681,664   |
| Permits and other intangible assets                               |    | 456,900   |
| Other assets  |    | 60,505    |
|   |    | 1,821,114 |
| <b>Liabilities to be assumed:</b>                                 |    |           |
| Accounts payable  |    | 88,191    |
| Deferred revenue  |    | 32,009    |
| Accrued expenses  |    | 101,520   |
| Current portion of closure, post-closure and remedial liabilities |    | 7,046     |
| Closure and post-closure liabilities, less current portion        |    | 51,253    |

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|   |              |
|---|--------------|
| Unrecognized tax benefits and other long-term liabilities | 279,824      |
|   | 559,843      |
| Net assets to be acquired(1)                              | \$ 1,261,271 |

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(1) Net assets exclude Safety-Kleen's cash and cash equivalents, debt and associated costs, other costs related to its proposed initial public offering, stock option liabilities and Safety-Kleen's goodwill.

Clean Harbors has determined preliminary allocation estimates based on limited access to information and will not have sufficient information to make final allocations until after completion of the Merger. Clean Harbors anticipates that the valuations of the acquired assets and liabilities will include, but not be limited to inventory, property, plant and equipment, customer relationships, trademarks, other potential intangible assets and the determination of the effect of the revenue transactions on deferred revenue and the corresponding deferred costs. The valuations will consist of physical appraisals, discounted cash flow analysis or other appropriate valuations techniques to determine the fair value of the assets acquired and



liabilities assumed. Clean Harbors has determined this to be a tax-free business combination from Clean Harbors' standpoint and has recorded the corresponding deferred tax liabilities related to the preliminary fair value adjustments. Clean Harbors has recorded no other adjustments to deferred income taxes.

The amounts allocated to assets to be acquired and liabilities to be assumed in the Merger could differ materially from the preliminary allocation estimates. Decreases or increases in the fair value of assets acquired or liabilities assumed in the Merger from those preliminary valuations presented would result in a corresponding increase or decrease in the amount of goodwill that resulted from the Merger. In addition, if the value of the assets acquired is higher than the preliminary indication, it may result in higher amortization and/or depreciation expense than is presented in these pro forma statements.

## 2. Financing

In connection with the Merger, we sold (i) on December 3, 2012 (in the Stock Offering which was priced on November 27, 2012), 6.9 million shares of our common stock at a public offering price of \$56.00 per share and (ii) on December 7, 2012, \$600.0 million of 5.125% senior unsecured notes due 2021 in the Notes Offering.

We estimate that the completion of the Merger and the Notes Offering resulted in a net increase of approximately \$10.6 million of deferred financing costs. If the Notes Offering had been completed on January 1, 2011, at the interest rate of 5.125%, interest expense (including amortization of funding expense) would have increased by \$33.4 million and \$25.1 million for the year ended December 31, 2011 and the nine months ended September 30, 2012, respectively.

## 3. Pro Forma Balance Sheet Adjustments

The pro forma adjustments included in the unaudited condensed combined balance sheet are as follows:

a) Represents an adjustment to reflect the use of existing cash and the estimated net proceeds from the Stock Offering and the Notes Offering to pay the purchase price for Safety-Kleen and related transaction fees and expenses (in thousands):

|  | Increase (Decrease)      |   |
|--|--------------------------|---|
|  | Acquisition Pro<br>Forma | Stock and Notes<br>Offerings Pro<br>Forma |
| Gross Stock Offering proceeds                      | \$                       | \$ 386,400                                |
| Gross Notes Offering proceeds                      |                          | 600,000                                   |
| Safety-Kleen share payment(1)                      | 10,500                   |   |
| Cash paid for Safety-Kleen                         | (1,250,000)              |   |
| Safety-Kleen cash and cash equivalents(2)          | (48,253)                 |   |
| Transaction fees and expenses for the offerings(3) |                          | (33,669)                                  |
| Payment of working capital adjustment              | (11,271)                 |   |

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\$ (1,299,024) \$ 952,731

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(1) Clean Harbors received and held at the time of the Merger \$10.5 million of cash as a result of Safety-Kleen's 2010 call of shares which Clean Harbors had acquired in Safety-Kleen. This amount was previously recorded in prepaid expenses and other current assets.

(2) Existing cash and cash equivalents held by Safety-Kleen on the balance sheet date.

(3) Transaction fees and expenses for the offerings consisted of the following:

|                 |    |        |
|-----------------|----|--------|
| Notes offering  | \$ | 10,559 |
| Stock offering  |    | 17,922 |
| Commitment fees |    | 5,188  |
| Total           | \$ | 33,669 |

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b) Represents reclassifications to conform Safety-Kleen to Clean Harbors financial statement presentation (in thousands):

|   | Increase<br>(Decrease) |
|---|------------------------|
| Accounts receivable, net                  | \$ (3,061)             |
| Unbilled accounts receivable              | 3,061                  |
| Deferred costs                            | \$ 10,733              |
| Prepaid expenses and other current assets | (10,733)               |
| Property, plant and equipment             | \$ 15,734              |
| Permits and other intangible assets, net  | (15,734)               |
| Deferred tax asset                        | \$ (57,756)            |
| Other assets                              | 57,756                 |
| Accrued expenses                          | \$ 30,574              |
| Accrued salaries and benefits             | (30,574)               |
| Accrued expenses                          | \$ 1,763               |
| Income taxes payable                      | (1,763)                |
| Closure and post closure liabilities      | \$ 16,808              |
| Remedial liabilities                      | 34,445                 |
| Environmental liabilities                 | (51,253)               |

c) Represents adjustments to eliminate Safety-Kleen's deferred financing and other costs related to its debt and its initial public offering costs of \$2.8 million recorded in prepaid expenses and other current assets and \$4.8 million recorded in other assets, and eliminate Safety-Kleen's stock option liability of \$22.7 million and other miscellaneous liabilities of \$0.3 million recorded in accrued expenses.

d) Represents a step-up adjustment of approximately \$14.7 million to record the estimated fair value of Safety-Kleen's oil inventory acquired as of September 30, 2012, which was valued at estimated selling prices less the sum of (a) costs of disposal and (b) a reasonable profit allowance for the selling effort. The other inventory categories were preliminary determined to be at fair value. Clean Harbors has recorded a current deferred tax liability related to the preliminary fair value adjustment of approximately \$5.2 million in accrued expenses based on a 35% statutory tax rate.

e) Represents an adjustment of \$348.9 million to record the preliminary fair value of property, plant and equipment as of September 30, 2012 using a cost and market approach. The estimated property, plant and equipment are expected to be depreciated on a straight-line basis over estimated useful lives that will range from three to 24 years, subject to the finalization of the purchase price allocation. The pro forma adjustment for property, plant and equipment consisted of the following (in thousands):

|  |            |
|--|------------|
| Property, plant and equipment (i)                  | \$ 634,267 |
| Land   | 47,397     |
| Less: Safety-Kleen's net book value                | (317,004)  |
| Less: Safety-Kleen's software reclassification     | (15,734)   |
| Pro forma property, plant and equipment adjustment | \$ 348,926 |

(i)

|  | <b>Acquisition Pro Forma</b> | <b>Estimated Useful Life</b> |
|--|------------------------------|------------------------------|
| Buildings and building improvements      | \$ 140,000                   | 24 years                     |
| Land and leasehold improvements          | 39,000                       | 8-11 years                   |
| Vehicles                                 | 89,000                       | 7 years                      |
| Equipment                                | 318,700                      | 3-16 years                   |
| Furniture and fixtures                   | 4,600                        | 5 years                      |
| Construction in progress                 | 42,967                       | 15 years                     |
| Property, plant and equipment adjustment | \$ 634,267                   |                              |

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Clean Harbors has recorded a noncurrent deferred tax liability related to the preliminary fair value adjustment of approximately \$122.1 million in unrecognized tax benefits and other long-term liabilities based on a 35% statutory tax rate.

f) Represents an adjustment of \$389.3 million to reflect the step-up to the preliminary estimated fair value of Safety-Kleen's identifiable intangible assets from the respective carrying values reported by Safety-Kleen as of September 30, 2012 using a combination of the cost and market approach and the income approach. The identifiable intangible assets primarily consist of trademarks and trade names, supplier relationships, customer relationships and permits. The estimated intangible assets are expected to be amortized on a straight-line basis over estimated useful lives that will range from 10 to 30 years, subject to the finalization of the purchase price allocation. The pro forma adjustment for permits and other intangible assets consists of the following (in thousands):

|  |    |          |
|--|----|----------|
| Permits and other intangible assets (i)                  | \$ | 456,900  |
| Less: Safety-Kleen's net book value                      |    | (83,369) |
| Plus: Safety-Kleen's software reclassification           |    | 15,734   |
| Pro forma permits and other intangible assets adjustment | \$ | 389,265  |

(i)

|   | <b>Acquisition Pro Forma</b> | <b>Estimated Useful Life</b> |
|---|------------------------------|------------------------------|
| Trademarks and trade names                      | \$ 113,800                   | Indefinite                   |
| Customer relationships - Oil Re-refining        | 99,200                       | 20 years                     |
| Customer relationships - Environmental services | 70,200                       | 11 years                     |
| Supplier relationships - Re-refining            | 100,200                      | 10 years                     |
| Supplier relationships - Recycled fuel oil      | 36,200                       | 10 years                     |
| Permits - Environmental services                | 25,800                       | 30 years                     |
| Permits - Oil Re-refining                       | 11,500                       | 30 years                     |
| Permits and other intangible assets adjustment  | \$ 456,900                   |                              |

Clean Harbors has recorded a noncurrent deferred tax liability related to the preliminary fair value adjustment of approximately \$136.2 million in unrecognized tax benefits and other long-term liabilities based on a 35% statutory tax rate.

g) Represents an adjustment to record new deferred financing fees of approximately \$10.6 million in connection with the Notes Offering.

h) Represents an adjustment to reduce accounts receivable and accounts payable for intercompany transactions between Clean Harbors and Safety-Kleen of approximately \$2.0 million.

i) Represents an adjustment to record goodwill. We have preliminarily allocated the purchase price to net tangible and intangible assets based upon their estimated fair values as of September 30, 2012. The excess of the purchase price over the estimated fair values of the net tangible and intangible assets has been recorded as goodwill (in thousands):

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|  |    | <b>Increase<br/>(Decrease)</b> |
|--|----|--------------------------------|
| Record acquisition goodwill              | \$ | 312,540                        |
| Eliminate existing Safety-Kleen goodwill |    | (36,787)                       |
|  | \$ | 275,753                        |

j) Represents an adjustment of approximately \$4.5 million to record direct transaction costs, which consist of legal and accounting fees and other external costs directly related to the Merger incurred by Clean Harbors.

k) Represents an adjustment to reflect the extinguishment of Safety-Kleen's existing outstanding debt of \$223.1 million (including current portion) and record the estimated gross proceeds of \$600.0 million from the Notes Offering.

l) Represents adjustments to eliminate Safety-Kleen's historical stockholders' equity of \$305.9 million; record the issuance and \$368.5 million net proceeds from the sale of 6.9 million new Clean Harbors' common stock (\$0.01 par value) in the Stock Offering; and reduce accumulated earnings for approximately \$4.5 million of legal and accounting fees incurred by Clean Harbors related to the acquisition of Safety-Kleen and \$5.2 million of commitment fees related to certain backup financing we obtained in connection with the Merger from certain affiliates of the initial purchasers in the Notes Offering as follows (in thousands).

|   | Safety-Kleen<br>balances as of<br>September 30,<br>2012 | Acquisition<br>Fees | Pro forma Adjustments                   |                                    | Notes<br>Offering<br>Commitment<br>fees | Stock<br>Offering Pro<br>Forma<br>Adjustments |
|---|---|---------------------|---|------------------------------------|---|---|
|   |   |                     | Acquisition<br>Pro Forma<br>Adjustments | Proceeds<br>from Stock<br>Offering |   |   |
| Clean Harbors<br>authorized 80,000,000;<br>pro forma shares issued<br>and outstanding<br>60,286,280 | \$ (509)  | \$                  | \$ (509)                                | \$ 69                              | \$                                      | \$ 69   |
| Additional paid-in<br>capital   | (390,560)   |                     | (390,560)                               | 368,409                            |   | 368,409                                       |
| Accumulated other<br>comprehensive income   | (4,675)   |                     | (4,675)                                 |                                    |   |   |
| Accumulated earnings<br>(deficit)   | 89,881  | (4,449)             | 85,432                                  |                                    | (5,188)                                 | (5,188)                                       |
| <b>Total</b>  | <b>\$ (305,863)</b>                                     | <b>\$ (4,449)</b>   | <b>\$ (310,312)</b>                     | <b>\$ 368,478</b>                  | <b>\$ (5,188)</b>                       | <b>\$ 363,290</b>                             |

#### 4. Pro Forma Statement of Income Adjustments

The unaudited pro forma condensed combined statements of income do not include any non-recurring charges that will arise as a result of the Merger described above.

m) Represents an adjustment of approximately \$13.0 million and \$8.5 million to reduce revenues and cost of revenues for intercompany transactions between Clean Harbors and Safety-Kleen for the year ended December 31, 2011 and the nine months ended September 30, 2012, respectively.

n) Represents reclassifications to conform to Clean Harbors' presentation, as follows (in thousands):

| Year ended December 31, 2011 | Increase<br>(Decrease) |
|------------------------------|------------------------|
| Costs of revenue             | \$ (2,169)             |

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|   |    |          |
|---|----|----------|
| Accretion of environmental liabilities      |    | 2,169    |
| Costs of revenue                            | \$ | (49,610) |
| Selling, general and administrative         |    | 49,610   |
| <b>Nine months ended September 30, 2012</b> |    |          |
| Costs of revenue                            | \$ | (1,888)  |
| Accretion of environmental liabilities      |    | 1,888    |
| Costs of revenue                            | \$ | (38,628) |
| Selling, general and administrative         |    | 38,628   |

o) Represents the corresponding adjustment of \$17.6 million and \$13.9 million to depreciation and amortization expense for the step-up in property, plant and equipment and identifiable intangibles to the preliminary estimated fair value for the year ended December 31, 2011 and the nine months ended September 30, 2012, respectively. The step-up adjustments were calculated based on using the straight-line method over the estimated useful lives discussed in notes 3(e) and 3(f).



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The pro forma depreciation and amortization adjustments are as follows (in thousands):

|  | Year Ended<br>December 31, 2011 | Nine Months Ended<br>September 30, 2012 |
|--|---------------------------------|---|
| Eliminate Safety-Kleen's depreciation and amortization | \$ (66,808)                     | \$ (49,436)                             |
| Permits and intangible assets amortization             | 26,225                          | 19,669                                  |
| Property, plant and equipment depreciation             | 58,163                          | 43,622                                  |
| Pro forma depreciation and amortization adjustment     | \$ 17,580                       | \$ 13,855                               |

With other assumptions held constant, a 10% increase in the fair value of property, plant and equipment and intangible assets as calculated would increase annual pro forma depreciation and amortization expense by approximately \$8.4 million and \$6.3 million for the year ended December 31, 2011 and the nine months ended September 30, 2012, respectively. With other assumptions held constant, a 10% decrease in the estimated remaining useful lives of property, plant and equipment and amortizable intangible assets would increase pro forma depreciation and amortization by approximately \$9.4 million and \$7.0 million for the year ended December 31, 2011 and the nine months ended September 30, 2012, respectively. The increases in pro forma depreciation and amortization are as follows (in thousands):

|   | Acquisition<br>Pro Forma<br>Adjustment | 10%<br>Increase in<br>Fair Value | Increase in Pro Forma Depreciation and Amortization |                 |   |                 |  |
|---|--|----------------------------------|---|-----------------|---|-----------------|--|
|   |  |                                  | 10% Increase in the<br>Fair Value                   |                 | 10% Decrease in the<br>Estimated Remaining<br>Useful Life |                 |  |
|   |  |                                  | Twelve<br>Months                                    | Nine<br>Months  | Twelve<br>Months  | Nine<br>Months  |  |
| <b>Property, Plant and Equipment</b>            |  |                                  |   |                 |   |                 |  |
| Buildings and building improvements             | \$ 140,000                             | \$ 154,000                       | \$ 583  | \$ 438          | \$ 648  | \$ 486          |  |
| Land and leasehold improvements                 | 39,000                                 | 42,900                           | 406   | 305             | 450   | 338             |  |
| Vehicles  | 89,000                                 | 97,900                           | 1,271   | 954             | 1,413   | 1,060           |  |
| Equipment                                       | 318,700                                | 350,570                          | 3,182   | 2,384           | 3,535   | 2,650           |  |
| Furniture and fixtures                          | 4,600                                  | 5,060                            | 92  | 69              | 102   | 77              |  |
| Construction in progress                        | 42,967                                 | 47,264                           | 282   | 212             | 314   | 235             |  |
| Property, plant and equipment adjustment        | \$ 634,267                             | \$ 697,694                       | \$ 5,816  | \$ 4,362        | \$ 6,462  | \$ 4,846        |  |
| <b>Permits and Intangible Assets</b>            |  |                                  |   |                 |   |                 |  |
| Trademarks and trade names                      | \$ 113,800                             | \$ 125,180                       | \$  | \$              | \$  | \$              |  |
| Customer relationships - Oil Re-refining        | 99,200                                 | 109,120                          | 496   | 372             | 551   | 413             |  |
| Customer relationships - Environmental services | 70,200                                 | 77,220                           | 638   | 479             | 709   | 532             |  |
| Supplier relationships - Re-refining            | 100,200                                | 110,220                          | 1,002   | 752             | 1,113   | 835             |  |
| Supplier relationships - Recycled fuel oil      | 36,200                                 | 39,820                           | 362   | 272             | 402   | 302             |  |
| Permits - Environmental services                | 25,800                                 | 28,380                           | 86  | 65              | 96  | 72              |  |
| Permits - Oil Re-refining                       | 11,500                                 | 12,650                           | 38  | 29              | 43  | 32              |  |
| Permits and other intangible assets adjustment  | \$ 456,900                             | \$ 502,590                       | \$ 2,623  | \$ 1,967        | \$ 2,914  | \$ 2,186        |  |
| <b>Total</b>                                    | <b>\$ 1,091,167</b>                    | <b>\$ 1,200,284</b>              | <b>\$ 8,439</b>                                     | <b>\$ 6,329</b> | <b>\$ 9,376</b>   | <b>\$ 7,032</b> |  |

p) Represents the corresponding amortization of the inventory step-up into cost of revenues of \$14.7 million as if the acquisition had been completed on January 1, 2011.

q) Represents adjustments to interest expense related to completion of the Notes Offering at an interest rate of 5.125% (including amortization of funding expense) offset by the reversal of Safety-Kleen's interest expense for outstanding debt net of the outstanding letters of credit.

|   | Year Ended December 31, 2011            |  | Nine Months Ended September 30, 2012    |  |
|---|---|--|---|--|
|   | Acquisition Pro<br>forma<br>Adjustments | Stock and Notes<br>Offerings Pro<br>Forma<br>Adjustments | Acquisition Pro<br>forma<br>Adjustments | Stock and Notes<br>Offerings Pro<br>Forma<br>Adjustments |
| Interest on \$600 million debt                    | \$                                      | \$ (30,750)  | \$                                      | \$ (23,062)  |
| Estimated amortization of financing costs         |   | (1,242)  |   | (932)  |
| Elimination of Safety-Kleen interest expense, net | 8,897                                   |  | 8,980                                   |  |
| Pro forma interest expense adjustment             | \$ 8,897                                | \$ (31,992)  | \$ 8,980                                | \$ (23,994)  |

r) Represents the pro forma tax effect of the above adjustments at an estimated statutory tax rate of 35.0% for the year ended December 31, 2011 and the nine months ended September 30, 2012. The pro forma income tax provision adjustment is as follows (in thousands):

|   | Year Ended December 31, 2011            |   | Nine Months Ended September 30, 2012    |   |
|---|---|---|---|---|
|   | Acquisition Pro<br>forma<br>Adjustments | Stock and<br>Notes<br>Offerings Pro<br>Forma<br>Adjustments | Acquisition Pro<br>forma<br>Adjustments | Stock and Notes<br>Offerings Pro Forma<br>Adjustments |
| Pro forma loss before income taxes        | \$ (23,419)                             | \$ (31,992)   | \$ (4,876)                              | \$ (23,994)   |
| Statutory income tax rate                 | 35%                                     | 35%   | 35%                                     | 35%   |
| Pro forma income tax provision adjustment | \$ (8,197)                              | \$ (11,197)   | \$ (1,706)                              | \$ (8,398)  |

At the end of Safety-Kleen's fiscal year 2011, Safety-Kleen determined that it is more likely than not that the U.S. operations would realize its loss carryforwards and other deferred tax assets and released the valuation allowance recorded against its U.S. deferred tax assets of \$103.2 million.

s) For the nine months ended September 30, 2012, the dilutive effect of all then outstanding options, restricted stock and performance awards is included in the earnings per share calculation except for 66,000 Clean Harbors outstanding performance stock awards for which the performance criteria were not attained at that time. For the year ended December 31, 2011, there were no anti-dilutive awards.

**SIGNATURES**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 to its current report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

Clean Harbors, Inc.  
(Registrant)

March 8, 2013

/s/ James M. Rutledge  
Vice Chairman, President and  
Chief Financial Officer