CLEAN HARBORS INC
Form 10-Q
May 07, 2015

UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2015
OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-34223

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

Massachusetts	04-2997780
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
42 Longwater Drive, Norwell, MA	02061-9149
(Address of Principal Executive Offices)	(Zip Code)

(781) 792-5000
(Registrant's Telephone Number, Including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

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

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

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $.01 par value	58,666,636
(Class)	(Outstanding as of May 1, 2015)

CLEAN HARBORS, INC.

QUARTERLY REPORT ON FORM 10-Q

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)

ASSETS	March 31, 2015 (unaudited)	December 31, 2014
Current assets:		
Cash and cash equivalents	$233,739	$246,879
Accounts receivable, net of allowances aggregating $26,358 and $25,661, respectively	521,563	557,131
Unbilled accounts receivable	33,333	40,775
Deferred costs	18,880	19,018
Inventories and supplies	143,052	168,663
Prepaid expenses and other current assets	56,263	57,435
Deferred tax assets	36,355	36,532
Total current assets	1,043,185	1,126,433
Property, plant and equipment, net	1,502,497	1,558,834
Other assets:		
Deferred financing costs	16,761	17,580
Goodwill	445,412	452,669
Permits and other intangibles, net	520,045	530,080
Other	18,142	18,682
Total other assets	1,000,360	1,019,011
Total assets	$3,546,042	$3,704,278
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of capital lease obligations	$116	$536
Accounts payable	244,216	267,329
Deferred revenue	62,677	62,966
Accrued expenses	187,728	219,549
Current portion of closure, post-closure and remedial liabilities	25,124	22,091
Total current liabilities	519,861	572,471
Other liabilities:		
Closure and post-closure liabilities, less current portion of $8,272 and $4,999, respectively	42,848	45,702
Remedial liabilities, less current portion of $16,852 and $17,092, respectively	132,893	138,029
Long-term obligations	1,395,000	1,395,000
Deferred taxes, unrecognized tax benefits and other long-term liabilities	292,591	290,205
Total other liabilities	1,863,332	1,868,936
Commitments and contingent liabilities (See Note 15)		
Stockholders' equity:		
Common stock, $.01 par value:		
Authorized 80,000,000; shares issued and outstanding 58,661,384 and 58,903,482	587	589

shares, respectively		
Shares held under employee participation plan	(469)	(469)
Additional paid-in capital	789,501	805,029
Accumulated other comprehensive loss	(188,245)	(110,842)
Accumulated earnings	561,475	568,564
Total stockholders’ equity	1,162,849	1,262,871
Total liabilities and stockholders’ equity	$3,546,042	$3,704,278

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF (LOSS) INCOME

(in thousands except per share amounts)

	Three Months Ended March 31,	
	2015	2014
Revenues:		
Service revenues	$596,330	$660,095
Product revenues	136,169	186,572
Total revenues	732,499	846,667
Cost of revenues (exclusive of items shown separately below)		
Service revenues	416,390	466,799
Product revenues	130,117	158,920
Total cost of revenues	546,507	625,719
Selling, general and administrative expenses	107,715	118,962
Accretion of environmental liabilities	2,619	2,724
Depreciation and amortization	68,356	69,356
Income from operations	7,302	29,906
Other income	409	4,178
Interest expense, net of interest income of $151 and $205, respectively	(19,438)	(19,554)
(Loss) income before (benefit) provision for income taxes	(11,727)	14,530
(Benefit) provision for income taxes	(4,638)	5,570
Net (loss) income	$(7,089)	$8,960
(Loss) earnings per share:		
Basic	$(0.12)	$0.15
Diluted	$(0.12)	$0.15
Shares used to compute (loss) earnings per share - Basic	58,875	60,720
Shares used to compute (loss) earnings per share - Diluted	58,875	60,861

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands)

	Three Months Ended March 31,	
	2015	2014
Net (loss) income	$(7,089)	$8,960
Other comprehensive loss:		
Unrealized gains on available-for-sale securities (net of taxes of $0, $152)	—	860
Reclassification adjustment for gains on available-for-sale securities included in net (loss) income (net of taxes of $0, $496)	—	(2,812)
Foreign currency translation adjustments	(77,403)	(39,573)
Other comprehensive loss	(77,403)	(41,525)
Comprehensive loss	$(84,492)	$(32,565)

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Three Months Ended March 31, 2015	2014
Cash flows from operating activities:		
Net (loss) income	$(7,089)	$8,960
Adjustments to reconcile net (loss) income to net cash from operating activities:		
Depreciation and amortization	68,356	69,356
Allowance for doubtful accounts	2,204	2,086
Amortization of deferred financing costs and debt discount	819	824
Accretion of environmental liabilities	2,619	2,724
Changes in environmental liability estimates	385	(821)
Deferred income taxes	(903)	—
Stock-based compensation	1,850	2,278
Excess tax benefit of stock-based compensation	(5)	(117)
Net tax benefit on stock based awards	(111)	117
Other income	(409)	(4,178)
Environmental expenditures	(5,604)	(4,186)
Changes in assets and liabilities, net of acquisitions		
Accounts receivable and unbilled accounts receivable	27,065	(11,069)
Inventories and supplies	22,131	(1,709)
Other current assets	374	(15,722)
Accounts payable	2,623	(23,374)
Other current and long-term liabilities	(29,528)	(20,573)
Net cash from operating activities	84,777	4,596
Cash flows from investing activities:		
Additions to property, plant and equipment	(52,949)	(75,005)
Proceeds from sales of fixed assets	760	876
Proceeds from sales of marketable securities	—	12,870
Additions to intangible assets, including costs to obtain or renew permits	(1,171)	(1,075)
Net cash used in investing activities	(53,360)	(62,334)
Cash flows from financing activities:		
Change in uncashed checks	(20,268)	21
Issuance of restricted shares, net of shares remitted	(1,154)	(750)
Repurchases of common stock	(15,379)	(1,225)
Proceeds from employee stock purchase plan	—	2,141
Payments on capital leases	(398)	(638)
Excess tax benefit of stock-based compensation	5	117
Net cash from financing activities	(37,194)	(334)
Effect of exchange rate change on cash	(7,363)	(2,994)
Decrease in cash and cash equivalents	(13,140)	(61,066)
Cash and cash equivalents, beginning of period	246,879	310,073
Cash and cash equivalents, end of period	$233,739	$249,007
Supplemental information:		
Cash payments for interest and income taxes:		

Interest paid	$21,667	$21,436
Income taxes (received) paid	(3,790)	5,389
Non-cash investing and financing activities:		
Accrual for repurchased shares	736	—
Property, plant and equipment accrued	22,832	26,715

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

CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)

	Common Stock		Shares Held Under Employee Participation Plan	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Earnings	Total Stockholders' Equity
	Number of Shares	$ 0.01 Par Value					
Balance at January 1, 2015	58,903	$589	$ (469)	$805,029	$ (110,842)	$ 568,564	$ 1,262,871
Net loss	—	—	—	—	—	(7,089)	(7,089)
Other comprehensive loss	—	—	—	—	(77,403)	—	(77,403)
Stock-based compensation	—	—	—	1,850	—	—	1,850
Issuance of restricted shares, net of shares remitted	44	1	—	(1,155)	—	—	(1,154)
Repurchases of common stock	(286)	(3)	—	(16,112)	—	—	(16,115)
Net tax benefit on stock-based awards	—	—	—	(111)	—	—	(111)
Balance at March 31, 2015	58,661	$587	$ (469)	$789,501	$ (188,245)	$ 561,475	$ 1,162,849

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, 2014.

Reclassifications

During the second quarter of 2014, the Company made changes to the manner in which it manages the business, makes operating decisions and assesses performance. These changes included the reassignment of certain departments among the Company's operating segments in line with management reporting changes as well as the identification of Lodging Services as an additional segment. Under the new structure, the Company's operations are managed in six reportable segments: Technical Services, Industrial and Field Services, Oil Re-refining and Recycling, SK Environmental Services, Lodging Services and Oil and Gas Field Services. The amounts presented for all periods herein have been recast to reflect the impact of such changes. These reclassifications and adjustments had no effect on consolidated net income, comprehensive income, cash flows or stockholders' equity for any of the periods presented.

During the third quarter of 2014, the Company aggregated the cash flow effects of the change in unbilled receivables with the change from accounts receivable in the Consolidated Statements of Cash Flows. Previously the cash flow effect of the change in unbilled receivables was aggregated with changes in other current assets. Prior year amounts have been recast to conform to the current year presentation.

(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, 2014. There have been no material changes in these policies or their application.

Recent Accounting Pronouncements

Standards implemented

In April 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”)2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360). The amendments in ASU 2014-08 provide guidance for the recognition and disclosure of discontinued operations. The adoption of ASU 2014-08 did not have an impact on the Company's consolidated financial statements.

Standards to be implemented

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new guidance is currently effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810). The amendment provides guidance regarding amendments to the consolidation analysis. The amendments in this update are currently effective for annual reporting periods(including interim reporting periods within those periods) beginning after December 15, 2015.

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In April 2015, FASB issued ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30). The amendment provides guidance regarding the simplification of the presentation of debt issuance costs. The amendments in this update are currently effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2015.
The Company is currently evaluating the impact that the above standard to be implemented will have on the Company's consolidated financial statements.

(3) BUSINESS COMBINATIONS

2015 Acquisitions

On April 11, 2015, the Company acquired Thermo Fluids Inc. for a preliminary purchase price of $85.0 million in cash, subject to customary post-closing adjustments based upon finalized working capital amounts.

2014 Acquisitions

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

(4) INVENTORIES AND SUPPLIES

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

	March 31, 2015	December 31, 2014
Oil and oil products	$37,785	$62,111
Supplies and drums	66,487	68,547
Solvent and solutions	9,627	9,355
Modular camp accommodations	15,441	15,776
Other	13,712	12,874
Total inventories and supplies	$143,052	$168,663

As of March 31, 2015 and December 31, 2014, other inventories consist 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, 2015	December 31, 2014
Land	$97,742	$98,507
Asset retirement costs (non-landfill)	10,812	10,871
Landfill assets	116,889	110,984
Buildings and improvements	334,282	338,242
Camp equipment	163,434	180,575
Vehicles	468,862	471,615
Equipment	1,283,502	1,302,424
Furniture and fixtures	5,379	5,517
Construction in progress	53,086	45,605
	2,533,988	2,564,340
Less - accumulated depreciation and amortization	1,031,491	1,005,506
Total property, plant and equipment, net	$1,502,497	$1,558,834

Interest in the amount of $0.2 million and $22.0 thousand was capitalized to fixed assets during the three months ended March 31, 2015 and March 31, 2014, respectively. Depreciation expense, inclusive of landfill amortization was $57.4 million and $59.9 million for the three months ended March 31, 2015 and March 31, 2014, respectively.

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(6) GOODWILL AND OTHER INTANGIBLE ASSETS

The changes to goodwill for the three months ended March 31, 2015 were as follows (in thousands):

	2015
Balance at January 1, 2015	$452,669
Increase from adjustments during the measurement period related to recent acquisitions	3,841
Foreign currency translation	(11,098)
Balance at March 31, 2015	$445,412

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, 2014 and determined that no adjustment to the carrying value of goodwill for any reporting unit was necessary because the fair value of each of the reporting units exceeded that reporting unit's respective carrying value.

As disclosed in the Company's annual report for the year ended December 31, 2014, the fair value of the Oil and Gas Field Services reporting unit did not significantly exceed its carrying amount. As a result of continued lower operating results caused by the depressed economic conditions and lower levels of activity in the Oil and Gas industry primarily in Western Canada, the Company continues to monitor the goodwill in this reporting unit for impairment. During the quarter ended March 31, 2015, the Company evaluated the reporting unit’s performance along with other business specific, and macroeconomic and industry factors. The Company concluded that as of March 31, 2015, no events or changes in circumstances have arisen which would indicate that the fair value of this reporting unit has more likely than not been reduced below its carrying amount. If the Oil & Gas Field Services reporting unit does not achieve the financial performance that the Company expects, it is reasonably possible that an impairment of goodwill may result.

Below is a summary of amortizable other intangible assets (in thousands):

	March 31, 2015				December 31, 2014			
	Cost	Accumulated Amortization	Net	Weighted Average Remaining Amortization Period (in years)	Cost	Accumulated Amortization	Net	Weighted Average Remaining Amortization Period (in years)
Permits	$161,941	$ 58,028	$103,913	18.8	$156,692	$ 55,318	$101,374	19.0
Customer and supplier relationships	363,681	81,563	282,118	10.9	370,373	77,697	292,676	11.0
Other intangible assets	30,477	19,081	11,396	2.8	31,540	19,074	12,466	3.2
Total amortizable permits and other intangible assets	556,099	158,672	397,427	11.2	558,605	152,089	406,516	11.4
Trademarks and trade names	122,618	—	122,618	Indefinite	123,564	—	123,564	Indefinite
Total permits and other intangible assets	$678,717	$ 158,672	$520,045		$682,169	$ 152,089	$530,080	

Amortization expense of permits and other intangible assets for the three months ended March 31, 2015 and March 31, 2014 was $11.0 million and $9.5 million, respectively.

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Below is the expected future amortization of the net carrying amount of finite-lived intangible assets at March 31, 2015 (in thousands):

Years Ending December 31,	Expected Amortization
2015 (nine months)	$26,237
2016	34,583
2017	32,437
2018	29,739
2019	26,426
Thereafter	248,005
	$397,427

(7) ACCRUED EXPENSES

Accrued expenses consisted of the following (in thousands):

	March 31, 2015	December 31, 2014
Insurance	$56,992	$58,931
Interest	17,630	20,527
Accrued compensation and benefits	39,346	59,006
Income, real estate, sales and other taxes	29,872	38,297
Other	43,888	42,788
Total accrued expenses	$187,728	$219,549

(8) CLOSURE AND POST-CLOSURE LIABILITIES

The changes to closure and post-closure liabilities (also referred to as “asset retirement obligations”) for the three months ended March 31, 2015 were as follows (in thousands):

	Landfill Retirement Liability	Non-Landfill Retirement Liability	Total
Balance at January 1, 2015	$29,932	$20,769	$50,701
New asset retirement obligations	753	—	753
Accretion	682	496	1,178
Changes in estimates recorded to statement of income	—	(24)	(24)
Changes in estimates recorded to balance sheet	(932)	—	(932)
Expenditures	(246)	(19)	(265)
Currency translation and other	(196)	(95)	(291)
Balance at March 31, 2015	$29,993	$21,127	$51,120

All of the landfill facilities included in the above were active as of March 31, 2015. New asset retirement obligations incurred during the first three months of 2015 were discounted at the credit-adjusted risk-free rate of 5.99%. There were no significant charges (benefits) in 2015 resulting from changes in estimates for closure and post-closure liabilities.

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(9) REMEDIAL LIABILITIES

The changes to remedial liabilities for the three months ended March 31, 2015 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, 2015	$5,420	$68,528	$ 81,173	$155,121
Accretion	63	718	660	1,441
Changes in estimates recorded to statement of income	(124)	27	506	409
Expenditures	(16)	(1,045)	(4,278)	(5,339)
Currency translation and other	(220)	(92)	(1,575)	(1,887)
Balance at March 31, 2015	$5,123	$68,136	$ 76,486	$149,745

In the three months ended March 31, 2015 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, 2015	December 31, 2014
Senior unsecured notes, at 5.25%, due August 1, 2020	$800,000	$800,000
Senior unsecured notes, at 5.125%, due June 1, 2021	595,000	595,000
Long-term obligations	$1,395,000	$1,395,000

On July 30, 2012, the Company issued through a private placement $800.0 million aggregate principal amount of 5.25% senior unsecured notes due August 1, 2020 ("2020 Notes") with semi-annually fixed interest payments on February 1 and August 1 of each year, which commenced on February 1, 2013. At March 31, 2015 and December 31, 2014, the fair value of the Company's 2020 Notes was $818.0 million and $804.0 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 December 7, 2012, the Company issued through a private placement $600.0 million aggregate principal amount of 5.125% senior unsecured notes due 2021 ("2021 Notes") with semi-annually fixed interest payments on June 1 and December 1 of each year, which commenced on June 1, 2013. At March 31, 2015 and December 31, 2014, the fair value of the Company's 2021 Notes was $606.9 million and $595.0 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, 2015 and December 31, 2014 had no outstanding loan balances. At March 31, 2015, $209.6 million was available to borrow and outstanding letters of credit were $140.7 million. At December 31, 2014, $238.4 million was available to borrow and outstanding letters of credit were $134.5 million.

Available credit for Clean Harbors, Inc. and its domestic subsidiaries is subject to 85% of their eligible accounts receivable and 100% of their cash deposited in a controlled account with the agent. The revolving credit facility is guaranteed by all of Parent's domestic subsidiaries and secured by substantially all of Parent's and its domestic subsidiaries' assets. Available credit for Parent's Canadian subsidiaries is subject 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) INCOME TAXES

The Company’s effective tax rate for the three months ended March 31, 2015 was 39.5% compared to 38.3% for the same period in 2014. The increase in the effective rates for the three months ended March 31, 2015 is primarily due to the benefit realized from the release of an uncertain tax position that was recorded in the first quarter of 2015.

As of March 31, 2015 and December 31, 2014, the Company had recorded $2.3 million and $2.5 million, respectively, of liabilities for unrecognized tax benefits and $0.4 million of interest, respectively.

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Due to expiring statute of limitation periods, the Company believes that total unrecognized tax benefits will decrease by approximately $0.6 million within the next 12 months. This is the result of an audit settlement for one of our foreign entities.

(12) (LOSS) EARNINGS PER SHARE

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

	Three Months Ended March 31,	
	2015	2014
Numerator for basic and diluted (loss) earnings per share:		
Net (loss) income	$(7,089)	$8,960
Denominator:		
Basic shares outstanding	58,875	60,720
Dilutive effect of equity-based compensation awards	—	141
Dilutive shares outstanding	58,875	60,861
Basic (loss) earnings per share:	$(0.12)	$0.15
Diluted (loss) earnings per share:	$(0.12)	$0.15

As a result of the net loss reported for the three months ended March 31, 2015, all outstanding stock options, restricted stock awards and performance awards totaling 539,983 were excluded from the calculation of diluted earnings per share as their inclusion would have an antidilutive effect. For the three months ended March 31, 2014, the dilutive effect of all then outstanding options, restricted stock and performance awards is included in the EPS calculations above except for 101,059 of outstanding performance stock awards for which the performance criteria were not attained at that time.

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(13) ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss by component and related tax effects for the three months ended March 31, 2015 were as follows (in thousands):

	Foreign Currency Translation	Unfunded Pension Liability	Total
Balance at January 1, 2015	$(108,889)	$(1,953)	$(110,842)
Other comprehensive loss before reclassifications	(77,403)	—	(77,403)
Other comprehensive loss	$(77,403)	$—	$(77,403)
Balance at March 31, 2015	$(186,292)	$(1,953)	$(188,245)

The amounts reclassified out of accumulated other comprehensive loss into the consolidated statement of income, with presentation location during the three months ended March 31, 2015 and March 31, 2014, were as follows (in thousands):

	For the Three Months Ended		
Comprehensive Loss Components	March 31, 2015	March 31, 2014	Location
Unrealized gains on available-for-sale investments	$—	$(3,308)	Other income

(14) STOCK-BASED COMPENSATION

Total stock-based compensation cost charged to selling, general and administrative expenses for the three months ended March 31, 2015 and March 31, 2014 was $1.8 million and $2.3 million, respectively. The total income tax benefit recognized in the consolidated statements of income from stock-based compensation was $0.5 million and $0.4 million for the three months ended March 31, 2015 and March 31, 2014, respectively.

Restricted Stock Awards

The following information relates to restricted stock awards that have been granted to employees and directors under the Company's 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, 2015:

Restricted Stock	Number of Shares	Weighted Average Grant-Date Fair Value
Unvested January 1, 2015	383,021	$56.51
Granted	58,125	$53.72
Vested	(59,266)	$59.25
Forfeited	(12,349)	$56.64
Unvested March 31, 2015	369,531	$55.63

As of March 31, 2015, there was $14.0 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 3.1 years. The total fair value of restricted stock vested during the three months ended March 31, 2015 and March 31, 2014 was $3.2 million and $2.3 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, ROIC 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, 2015:

Performance Stock	Number of Shares	Weighted Average Grant-Date Fair Value
Unvested January 1, 2015	143,875	$60.94
Vested	(6,129)	$54.28
Forfeited	(3,294)	$61.04
Unvested March 31, 2015	134,452	$61.25

As of March 31, 2015, there was $0.3 million of total unrecognized compensation cost arising from non-vested 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, 2015 was $0.3 million. No performance awards vested during the three months ended March 31, 2014.

Common Stock Repurchases

On March 13, 2015, the Company's board of directors increased the size of the Company’s current share repurchase program from $150 million to $300 million. As of March 31, 2015, we had repurchased and retired a total of approximately 2.3 million shares of our common stock for approximately $120.5 million under this program. As of March 31, 2015, an additional $179.5 million remains available for repurchase of shares under the current authorized program.

(15) 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, 2015 and December 31, 2014, the Company had recorded reserves of $29.8 million and $33.6 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, 2015 and December 31, 2014, the Company also believed that it was reasonably possible that the amount of these potential liabilities could be as much as $2.5 million and $2.9 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, 2015 and December 31, 2014, the $29.8 million and $33.6 million, respectively, of reserves consisted of (i) $24.1 million and $27.7 million related to pending legal or administrative proceedings, including Superfund liabilities, which were included in remedial liabilities on the consolidated balance sheets, and (ii) $5.7 million and $5.9 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, 2015, the principal legal and administrative proceedings in which the Company was involved, or which had been terminated during 2015, 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

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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 mea