

US ECOLOGY, INC.
Form DEF 14A
April 18, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

US ECOLOGY, INC.

(Name of Registrant as Specified In Its Charter)

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

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US ECOLOGY, INC.

**300 E. Mallard Drive, Suite 300
Boise, Idaho 83706
208-331-8400**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

- TIME** 8:00 a.m. Mountain Daylight Time on Thursday, May 30, 2013
- PLACE** Embassy Suites Denver International Airport
7001 Yampa St., Denver, Colorado 80249
- PURPOSE**
- (1) To elect five directors to the Board of Directors to serve a one-year term.
 - (2) To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the Company's fiscal year ending December 31, 2013.
 - (3) To hold a non-binding advisory vote on the Company's executive compensation.
 - (4) To transact other business as may properly come before the meeting or any adjournments or postponements thereof.
- RECORD DATE** You are entitled to vote if you were a stockholder at the close of business on April 5, 2013. A list of stockholders will be available for inspection at the Company's principal office in Boise, Idaho for a period of ten (10) days prior to the Annual Meeting of Stockholders and will also be available for inspection at the meeting.
- VOTING BY PROXY** In accordance with rules promulgated by the Securities and Exchange Commission, we have elected to use the Internet as our primary means of furnishing proxy materials to our stockholders. Accordingly, most stockholders will not receive paper copies of our proxy materials and we will mail a notice to these stockholders with instructions for accessing the proxy materials, including our Proxy Statement and Annual Report on Form 10-K, and for voting via the Internet. This notice also provides information on how stockholders may obtain paper copies of our proxy materials free of charge, if they so choose. The electronic delivery of our proxy materials will reduce our printing and mailing costs and the environmental impact of the proxy materials. Your vote is important. Whether or not you are able to attend the Annual Meeting of Stockholders in person, it is important that your shares be represented. We have provided instructions on each of the alternative voting methods in the accompanying Proxy Statement. *Please vote as soon as possible.*

Stephen A. Romano
Chairman of the Board of Directors

Boise, Idaho
April 18, 2013

All Stockholders are cordially invited to attend the Annual Meeting of Stockholders in person. Even if you have given your proxy, you may still vote in person if you attend the Annual Meeting of Stockholders and elect to revoke your proxy.

PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE ANNUAL MEETING OF STOCKHOLDERS, YOU WILL NOT BE PERMITTED TO VOTE IN PERSON AT THE MEETING UNLESS YOU FIRST OBTAIN A PROXY ISSUED IN YOUR NAME FROM THE RECORD HOLDER.

US ECOLOGY, INC.
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 30, 2013

PROXY STATEMENT

The Board of Directors ("*Board*" or "*Board of Directors*") of US Ecology, Inc. ("*Company*") is soliciting proxies to be voted at the Annual Meeting of Stockholders of the Company to be held on May 30, 2013, at 8:00 a.m. Mountain Daylight Time, at the Embassy Suites Denver International Airport, 7001 Yampa St., Denver, Colorado 80249, including any adjournments or postponements thereof (the "*Meeting*" or the "*Annual Meeting*"). We intend to mail a Notice Regarding the Availability of Proxy Materials ("*Notice*") and to make this Proxy Statement available to our stockholders of record entitled to vote at the Annual Meeting on or about April 18, 2013.

PROXY SOLICITATION AND VOTING INFORMATION

In accordance with the rules and regulations adopted by the Securities and Exchange Commission ("*SEC*"), instead of mailing a printed copy of our proxy materials to each stockholder of record, we will furnish proxy materials, including this Proxy Statement, the proxy card and the Company's Annual Report on Form 10-K for the year ended December 31, 2012 ("*Annual Report*"), to our stockholders by providing access to such documents on the Internet. *Stockholders will not receive printed copies of the proxy materials unless requested.* Instead, the Notice will inform stockholders how they may access and review all of the proxy materials. The Notice will also inform stockholders how to submit a proxy through the Internet. If you wish to receive a paper copy or e-mail copy of your proxy materials, please follow the instructions in the Notice for requesting such materials. We will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. If you choose to access the proxy materials and/or vote over the Internet, however, you are responsible for any Internet access charges you may incur.

If you are a stockholder of record, you may vote in person at the Annual Meeting. A ballot will be provided to you upon your arrival. If you do not wish to vote in person or you will not be attending the Annual Meeting, you may vote by proxy over the Internet, by telephone or by mail. The procedures for voting by proxy are as follows:

To vote by proxy on the **Internet**, go to www.proxyvote.com to complete an electronic proxy card.

To vote by proxy by telephone, dial the toll free number listed on your proxy card using a **touch-tone telephone** and follow the recorded instructions.

To vote by proxy using a **mailing card** (if you received a printed copy of these proxy materials by mail), complete, sign and date the enclosed proxy card and return it promptly in the envelope provided.

All shares represented by duly executed proxies on the accompanying form received prior to the Meeting will be voted in the manner specified therein. Any stockholder granting a proxy may revoke it at any time before it is voted by filing with the Secretary of the Company either an instrument revoking the proxy or a duly executed proxy bearing a later date. Any stockholder present at the Meeting who expresses a desire to vote shares in person may also revoke his or her proxy. For any matter for which no choice has been specified in a duly executed proxy, the shares represented will be voted **FOR** each of the nominees for director listed herein, **FOR** the ratification of the Company's independent registered public accounting firm, **FOR** the compensation as disclosed in the Compensation Discussion and Analysis section and the accompanying compensation tables contained in this Proxy Statement and,

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with respect to any other business that may properly come before the Meeting, at the discretion of the persons named in the proxy.

The Company is providing Internet proxy voting to allow you to vote your shares on-line using procedures designed to ensure the authenticity and correctness of your voting instructions. *If you vote by proxy on the Internet or by telephone, your vote must be received by 11:59 p.m. Eastern Time on May 29, 2013, to be counted.*

The Annual Report is being furnished with this Proxy Statement to stockholders of record as of April 5, 2013. The Annual Report does not constitute a part of the proxy solicitation material except as otherwise provided by the rules of the SEC, or as expressly provided for herein.

OUTSTANDING SHARES AND VOTING RIGHTS

The Board of Directors of the Company fixed April 5, 2013 as the record date ("*Record Date*") for the determination of stockholders entitled to notice of and to vote at the Meeting. On the Record Date there were 18,410,349 shares of common stock issued, outstanding and entitled to vote. The Company has no other voting securities outstanding. Each stockholder of record is entitled to one vote per share held on all matters submitted to a vote of stockholders, except that in electing directors each stockholder is entitled to cumulate his or her votes and give any one candidate an aggregate number of votes equal to the number of directors to be elected (5), multiplied by the number of his or her shares, or to distribute such aggregate number of votes among as many candidates as he or she chooses. For a stockholder to exercise cumulative voting rights, the stockholder must give notice of his or her intention to cumulatively vote prior to the Meeting or at the Meeting in person, prior to voting. If any stockholder has given such notice, all stockholders may cumulatively vote. The holders of proxies will have authority to cumulatively vote and allocate such votes in their discretion to one or more of the director nominees. The holders of the proxies solicited do not intend to cumulatively vote the shares they represent unless a stockholder indicates his or her intent to do so, in which instance they intend to cumulatively vote all the shares they hold by proxy in favor of the director nominees identified herein.

The holders of a majority of the outstanding shares of common stock on the Record Date entitled to vote at the Meeting in person or by proxy will constitute a quorum for the transaction of business at the Meeting. In accordance with the Company's Amended and Restated Bylaws, an affirmative vote of a majority of the votes cast is required for approval of all matters. Abstentions and broker non-votes are not included in the determination of the number of votes cast at the Meeting, but are counted for purposes of determining whether a quorum is present.

CORPORATE GOVERNANCE

In accordance with the Delaware General Corporation Law, the Company's Restated Certificate of Incorporation and Amended and Restated Bylaws, the Company's business, property and affairs are managed under the direction of the Board of Directors. Although the Company's non-employee directors are not involved in day-to-day operations, they are kept informed of the Company's business through written financial and operations reports and other documents provided to them from time to time by the officers of the Company, as well as by operating, financial and other reports presented by the officers of the Company in preparation for, and at meetings of, the Board of Directors and the three standing committees of the Board of Directors.

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The Board of Directors is ultimately responsible for the Company's corporate governance and it is the responsibility of the Board of Directors to ensure that the Company complies with federal securities laws and regulations, including those promulgated under the Sarbanes-Oxley Act of 2002.

The Board of Directors has adopted a Code of Ethics for Chief Executive Officer, Chief Financial Officer and Other Executive Officers as well as a Code of Ethics for Directors (collectively the "*Codes of Ethics*"), which have been filed with the SEC and posted on the Company's website at www.usecology.com. Please note that none of the information on the Company's website is incorporated by reference in this Proxy Statement. There have been no waivers to the Codes of Ethics since their adoption. Any future waivers or changes would be disclosed on the Company's website.

Independence. The Company is required by NASDAQ listing standards to have a majority of independent directors. The Board of Directors has determined that each of the Company's present six directors are independent as defined by the applicable NASDAQ standards. The Board of Directors has determined that each of these directors is free of any relationship that would interfere with his exercise of independent judgment in carrying out the responsibilities of a director. Mr. Poling is not standing for re-election at the Meeting.

Meetings of the Board of Directors. During the year ended December 31, 2012, the Board of Directors held four regularly scheduled meetings. Five special meetings of the Board were also held. Each of the directors attended at least 75% of the aggregate of the total meetings of the Board of Directors and the total number of meetings held by the committees on which he served. Director attendance at the Annual Meeting of Stockholders is encouraged but not required. All directors who stood for election at the 2012 Annual Meeting of Stockholders on May 17, 2012 attended that meeting. It is the policy of the Board to hold regular executive sessions where non-employee directors meet without management participation. The Board of Directors met in executive session without management present at all regularly scheduled Board of Directors meetings in fiscal year 2012.

Risk Oversight. The Board of Directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance stockholder value while managing risk. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to understand and manage those risks, but also evaluating what level of risk is appropriate for the company. The involvement of the full Board of Directors in setting the Company's business strategy is a key part of its assessment of management's risk tolerance and determination of what constitutes an appropriate level of risk for the Company. The full Board of Directors participates in an annual enterprise risk management assessment, which is led by the Company's Audit Committee. In this process, risk is assessed throughout the business, focusing on three primary areas of risk: financial risk, legal/compliance risk and operational/strategic risk.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, committees of the Board also have responsibility for certain aspects of risk management. In particular, the Audit Committee focuses on financial risk, including internal controls. In setting compensation, the Compensation Committee strives to create incentives and equity ownership programs that will align the interests of management with stockholders and encourage an appropriate level of risk-taking behavior consistent with the Company's business strategy. The Audit Committee conducts an annual assessment of the risk management process and reports its findings to the Board.

Committees of the Board of Directors. The three standing committees of the Board of Directors are the Audit, Corporate Governance and Compensation Committees.

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Audit Committee The current members of the Audit Committee are Messrs. Barnhart, Fox and Poling. Mr. Fox is the chairman. The Audit Committee, which met six times in 2012, has duties that include the following:

Reviews the proposed plan and scope of the Company's annual audit, as well as the audit results, and reviews and approves the selection of and services provided by the Company's independent registered public accountant and its fees;

Meets with management to assure the adequacy of accounting principles, financial controls and policies;

Reviews transactions that may present a conflict of interest on the part of management or individual directors;

Meets at least quarterly to review financial results, discuss financial statements and SEC reporting and make recommendations to the Board;

Oversees enterprise-wide approach to risk management;

Monitors dividend policy and confirms that cash flows are sufficient to support dividend payments prior to declaration; and

Reviews the independent registered public accountant's recommendations for internal controls, adequacy of staff and management performance concerning audit and financial controls.

The Board of Directors has determined that each of Messrs. Barnhart, Fox and Poling meet the independence requirements for Audit Committee service set forth in the applicable rules under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), and that Messrs. Fox and Poling qualify as "audit committee financial experts" as defined in Item 407 of Regulation S-K. Effective as of the Annual Meeting date, an independent director will be appointed to replace Mr. Poling as a member of the Audit Committee. The written charter for the Audit Committee is available on the Company's website at www.usecology.com.

Corporate Governance Committee The current members of the Corporate Governance Committee are Messrs. Barnhart, Fox and Merrifield. Mr. Barnhart is the chairman. The Corporate Governance Committee, which met six times in 2012, fulfills the requirement of a nominating committee comprised solely of independent directors required by the applicable NASDAQ listing standards. The Corporate Governance Committee is responsible for identifying and recommending qualified and experienced individuals to fill vacancies and potential new director seats if the Board is expanded. The Corporate Governance Committee charter is available on the Company's website at www.usecology.com. On February 28, 2013, the Corporate Governance Committee recommended and the Board of Directors discussed and unanimously approved the five director nominees standing for election at the Annual Meeting, each of whom the Board of Directors has determined is independent as defined by the applicable NASDAQ standards.

The Corporate Governance Committee does not have a stated policy with regard to the consideration of diversity in identifying director nominees, but rather evaluates candidates based upon various factors, including, but not limited to:

Integrity;

Education and business experience;

Broad-based business acumen;

Understanding of the Company's business, industry and related regulatory environment; and

Expertise.

The Company believes that consideration of these and other factors leads to a Board consisting of individuals with viewpoints, professional experience, education, skill and other qualities that contribute to Board heterogeneity. To help maintain the desired level of heterogeneity a "Skills Matrix and Improvement Questionnaire" was distributed to the members of the Board to self-assess skills and experience. These questionnaires were collected by the Chairman of the Corporate Governance Committee who provided a written report to the Corporate Governance Committee and the full Board summarizing the findings of the self-assessment questionnaires. This report was discussed with members of the Corporate Governance Committee who evaluate Board membership to determine whether greater diversity is required in terms of skills and experience when recommending the individuals to be nominated to stand for election at the Annual Meeting of Stockholders. The Corporate Governance Committee also evaluated the performance of the Board as a whole, considering a number of key performance indicators. The written charter for the Corporate Governance Committee is available on the Company's website at www.usecology.com.

Compensation Committee The current members of the Compensation Committee are Messrs. Colvin, Merrifield and Poling. Mr. Colvin is the chairman. The Compensation Committee, which met three times in 2012, makes recommendations to the Board concerning employee salaries and incentive compensation, administers and approves grants under the Second Amended and Restated 1992 Stock Option Plan, the Amended and Restated 2005 Non-Employee Director Compensation Plan, the 2006 Restricted Stock Plan and the 2008 Stock Option Incentive Plan, addresses executive compensation and contract matters, recommends director compensation and performs other Board-delegated functions. Effective as of the Annual Meeting date, an independent director will be appointed to replace Mr. Poling as a member of the Compensation Committee. The written charter for the Compensation Committee is available on the Company's website at www.usecology.com.

Board Leadership Structure. The Board has separated the positions of Chairman of the Board and the Company's Principal Executive Officer (the "*Principal Executive Officer*"). Separating these positions allowed the Principal Executive Officer to focus on operating and growing the Company, while allowing the Chairman of the Board to lead the Board and provide advice to management based on his industry and regulatory experience. While the Company's Amended and Restated Bylaws or Corporate Governance Guidelines do not require that the Chairman of the Board and Principal Executive Officer positions be filled by separate individuals, the Board believes that having separate individuals serve as Principal Executive Officer and Chairman of the Board is the appropriate leadership structure for the Company at this time and demonstrates the Company's continuing commitment to strong corporate governance. The Board of Directors recognizes that, depending on future circumstances, other leadership models may become more appropriate. Accordingly, the Board of Directors will continue to periodically review its leadership structure.

Lead Director. The Corporate Governance Committee Charter specifies that when the Chairman of the Board also serves as an employee of the Company, the Chairman of the Corporate Governance Committee shall serve as "Lead Director" and, among other things, serve as a liaison between the non-independent chairman and the independent directors; review and approve the schedule, agenda and materials for all meetings of the Board; chair executive sessions of the independent Board members at scheduled Board meetings without the non-independent chairman present; provide consultation and direct communication to major stockholders, if requested; and call special meetings of the independent Board members if needed. For 2012 there was no Lead Director as the Chairman of the Board was not an employee of the Company.

SUBMISSION OF STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS

In accordance with SEC rules and regulations, the Company must receive stockholder proposals submitted for inclusion in the Company's proxy materials and for consideration at the 2014 Annual Meeting of Stockholders *no later than December 4, 2013*. Any such proposals are requested to be submitted to Jeffrey R. Feeler, Secretary, US Ecology, Inc., 300 E. Mallard Drive, Suite 300, Boise, Idaho 83706 and should comply with the SEC rules governing stockholder proposals submitted for inclusion in proxy materials.

Stockholders may also submit recommendations for nominees for director to Jeffrey R. Feeler, Secretary, US Ecology, Inc., 300 E. Mallard Drive, Suite 300, Boise, Idaho 83706. Recommendations are requested *no later than December 4, 2013* for consideration by the Corporate Governance Committee for the 2014 Annual Meeting of Stockholders. In considering any nominee proposed by a stockholder, the Corporate Governance Committee will apply the same criteria it uses in evaluating all director candidates. Nominees should reflect suitable expertise, skills, attributes and personal and professional backgrounds for service as a director of the Company.

Other stockholder communications to the Board of Directors may be sent at any time to Jeffrey R. Feeler, Secretary, US Ecology, Inc., 300 E. Mallard Drive, Suite 300, Boise, Idaho 83706. Management intends to summarize and present all such communications to the Board of Directors.

ELECTION OF DIRECTORS

PROPOSAL NO. 1

At the Meeting, the five director nominees receiving the greatest number of votes cast will be elected, provided that each nominee receives a majority of the votes cast. Directors so elected will hold office until the next Annual Meeting of Stockholders or until their death, resignation or removal, in which case the Board of Directors may or may not appoint a successor. It is the intent of the persons named in the proxy, Jeffrey R. Feeler and Eric L. Gerratt, to vote proxies that are not marked to the contrary for the director nominees named below. If any nominee is unable to serve, the named proxies may, in their discretion, vote for any or all other persons who may be nominated.

The Corporate Governance Committee recommended five directors to stand for election to the Board of Directors. All nominees have agreed to serve if elected. During 2012, the Company did not receive any nominee recommendations from stockholders.

Nominees for Directors

Name	Age	Position with Company	Residence	Director Since
Victor J. Barnhart	70	Independent Director	Lakeland, FL	2008
Joe F. Colvin	70	Independent Director	Santa Fe, NM	2008
Daniel Fox	62	Independent Director	Boise, ID	2010
Jeffrey S. Merrifield	49	Independent Director	Davidson, NC	2007
Stephen A. Romano	58	Chairman of the Board	Niwot, CO	2002

Victor J. Barnhart joined the Board of Directors in 2008. He also currently serves on the board of directors for GEM Mobile Treatment Services, Inc. and Desert NDT, Inc., each privately held. From 2003 to 2007, Mr. Barnhart served on the board of directors of privately held Power Equipment Maintenance Corp. and served previous to that time on the board of directors of The Brand Companies, NSC Corporation and OHM Corporation, each publicly traded. Mr. Barnhart has over twenty (20) years of senior executive experience in nuclear fuel cycle facility operations, environmental remediation, hazardous and radioactive waste management and industrial and chemical plant services. He previously served as Chief Executive Officer of a number of Waste Management Inc. companies including NSC Corporation, Rust Remedial Services, Chem-Nuclear Systems and The Brand Companies, and held management positions with Westinghouse Electric and Nuclear Fuel Services-Getty Oil.

The Board of Directors concluded that Mr. Barnhart is qualified to serve as a director because of his extensive knowledge of the hazardous and radioactive waste management industry, over twenty (20) years of broad senior management experience in related industries and experience as a director for several public companies.

Joe F. Colvin joined the Board of Directors in 2008. He is a former senior executive with more than forty (40) years of experience in the nuclear energy field. Mr. Colvin serves on the board of directors of Cameco Corporation (1999), a public company and the world's largest uranium producer, and the Foundation for Nuclear Studies (2003). He previously served as a director for the American Nuclear Society (2007-2012) and served as its President from 2011-2012. He is also President Emeritus of the Nuclear Energy Institute, Inc. (NEI), serving since 2005 and previously served in various executive positions with the NEI, including President and Chief Executive Officer (1996 to 2005) and Executive Vice President and Chief Operating Officer (1994 to 1996). Mr. Colvin previously held senior management positions with the Nuclear Management and Resources Committee and the Institute for Nuclear Power Operations. Mr. Colvin served twenty (20) years as a line officer with the U.S. Navy nuclear submarine program.

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The Board of Directors concluded that Mr. Colvin is qualified to serve as a director because of his extensive senior management experience, deep knowledge of the nuclear industry and participation on the boards of large public and private organizations.

Daniel Fox joined the Board of Directors in 2010. He is a Certified Public Accountant and a full-time lecturer in the College of Business and Economics at Boise State University where he develops and teaches graduate and upper division undergraduate accounting and finance courses. Mr. Fox held various management and leadership positions over a twenty-eight (28) year career at PricewaterhouseCoopers LLP, retiring as a senior partner and the firm's Global Capital Markets Leader in Switzerland. During his public accounting career, Mr. Fox provided a wide range of services to a diverse mix of clients ranging in size from small privately held start-up companies to mature global public companies. He has been a frequent speaker on broad-ranging topics such as impacts of new or proposed auditing, accounting, reporting, regulatory and international financial reporting matters. Mr. Fox also serves on two committees of the Idaho State Board of Accountancy.

The Board of Directors concluded that Mr. Fox is qualified to serve as a director because of his wide-ranging experience working with audit committees, boards and senior management as well as his knowledge of Generally Accepted Accounting Principles and SEC accounting and reporting gained through his over twenty-eight (28) year career at PricewaterhouseCoopers LLP and activities as a lecturer and speaker on auditing, accounting, finance, reporting and regulatory matters.

Jeffrey S. Merrifield joined the Board of Directors in 2007. Mr. Merrifield's background includes more than twenty (20) years of diverse experience. Since 2007, he has served as Senior Vice President of the Power Division of Chicago Bridge & Iron Company N.V. (CB&I) (formerly known as the Shaw Group's Power Group). From 1998 to 2007, he served as a two-term Presidential appointee to the U.S. Nuclear Regulatory Commission, a senior Congressional staff member, and a practicing attorney in Washington, D.C. He is a member of the American Nuclear Society and is admitted to the Bar in Washington, D.C. and New Hampshire.

The Board of Directors concluded that Mr. Merrifield is qualified to serve as a director because of his professional background as an appointee to the U.S. Nuclear Regulatory Commission, a senior Congressional staff member and a practicing attorney, understanding of nuclear and hazardous material regulatory matters and senior executive experience.

Stephen A. Romano joined the Board of Directors in 2002. He was appointed President and Chief Operating Officer of the Company in October 2001, Chief Executive Officer in March 2002 and Chairman of the Board of Directors in February 2008. Mr. Romano currently serves as Chairman of the Board of Directors. He is also a consultant to the International Atomic Energy Agency on nuclear waste matters. He was an employee of the Company for more than twenty (20) years prior to his retirement in December 2009. Mr. Romano previously worked for the U.S. Nuclear Regulatory Commission, the Wisconsin Department of Natural Resources and EG&G Idaho, Inc. and as an independent consultant on hazardous and radioactive waste management.

The Board of Directors concluded that Mr. Romano is qualified to serve as a director because of his knowledge and understanding of the Company's operations and his industry, regulatory and government relations experience. In addition, Mr. Romano has demonstrated his leadership abilities and his commitment to the Company while serving in various positions for over twenty (20) years; most recently as Chief Executive Officer.

The Board of Directors unanimously recommends a vote FOR each of the listed nominees.

**RATIFICATION OF APPOINTMENT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM**

PROPOSAL NO. 2

The Audit Committee has selected Deloitte & Touche LLP ("*Deloitte & Touche*") as the Company's independent registered public accountant for the 2013 fiscal year. A Deloitte & Touche representative plans to be present at the Annual Meeting to answer questions and will have an opportunity to make a statement if he or she desires to do so.

While stockholder ratification of Deloitte & Touche as the Company's independent registered public accountant is not required by the Company's Restated Certificate of Incorporation, Amended and Restated Bylaws or otherwise, the Board is submitting its selection of Deloitte & Touche for ratification as a matter of good corporate practice. If the stockholders do not ratify the selection, the Board, in conjunction with its Audit Committee, will further evaluate whether to retain Deloitte & Touche. If the selection is ratified, the Board and the Audit Committee, in their discretion, may direct the appointment of a different independent accounting firm at any time if they determine that such a change would be in the best interests of the Company and its stockholders.

The affirmative vote of the holders of a majority of the votes cast is required to ratify the appointment of Deloitte & Touche. Abstentions and broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this proposal has been ratified.

Audit, Audit-Related, Tax and Other Fees

The aggregate fees billed or expected to be billed for the audit of the Company's financial statements for the fiscal years ended December 31, 2012 and 2011 by the Company's principal accounting firm Deloitte & Touche were as follows:

	2012	2011
Audit Fees	\$ 340,000	\$ 320,000
Audit-Related Fees	6,982	
Tax Fees	33,503	33,202
All Other Fees		
Total Fees	\$ 380,485	\$ 353,202

Deloitte & Touche prepared an annual engagement letter that was submitted to the Audit Committee for approval for the 2012 audit. The Audit Committee approved all of the non-audit services provided by Deloitte & Touche in fiscal year 2012 in advance of the services being performed. The engagement letter created a contract between the Company and Deloitte & Touche that specified the responsibilities of each party. It was signed on behalf of the Company by the Chairman of the Audit Committee and the Chief Financial Officer. The Company paid Deloitte & Touche a fixed amount for the annual audit and each quarterly review and for other services agreed to in the engagement letter and subsequent amendments. The Audit Committee believes that Deloitte & Touche's provision of non-audit services has been compatible with maintaining the firm's independence.

Deloitte & Touche will prepare an annual engagement letter to be submitted to the Audit Committee for approval to perform the 2013 audit. This engagement letter will create a contract between the Company and Deloitte & Touche specifying the responsibilities of each party and will be signed on behalf of the Company by the Chairman of the Audit Committee and the Chief Financial Officer. The Company will pay Deloitte & Touche a fixed amount for the annual audit and each quarterly review and for any other services agreed to in the engagement letter or subsequent

amendments. Any non-audit services will be approved in advance by the Audit Committee to ensure the firm's independence is maintained.

The Board of Directors unanimously recommends a vote FOR ratification of the appointment of Deloitte & Touche as the Company's independent registered public accounting firm.

ADVISORY VOTE ON EXECUTIVE COMPENSATION

PROPOSAL NO. 3

As required by Section 14 of the Exchange Act, the Company is providing its stockholders with the opportunity to cast an advisory vote on the compensation of its named executive officers, as disclosed pursuant to Item 402 of Regulation S-K in the Compensation Discussion and Analysis section and accompanying tables of this Proxy Statement. These individuals are referred to collectively in this Proxy Statement as the Company's "Named Executive Officers." The Board of Directors believes it is appropriate to seek the views of its stockholders on the design and effectiveness of the Company's executive compensation program.

The Company's goal for its executive compensation program is to attract and retain exceptional, highly motivated individuals as executive officers who will provide leadership for the Company's success in dynamic, highly competitive markets. The Company seeks to accomplish this goal in a way that is aligned with the long-term interests of the Company's stockholders. The Company believes that its executive compensation program achieves this goal with its emphasis on long-term equity awards and performance-based compensation and aligns the long-term interests of its Named Executive Officers with the long-term interests of its stockholders.

As an advisory vote, this proposal is not binding upon the Company. However, the Board of Directors values the opinions expressed by stockholders in their vote on this proposal and, to the extent that a significant percentage of votes are cast against the compensation of the Named Executive Officers, the Compensation Committee will evaluate potential changes for consideration by the full Board to address the concerns reflected in such votes.

Accordingly, the Company asks the stockholders to vote on the following resolution:

"RESOLVED, that the compensation paid to the Company's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED."

The Board of Directors unanimously recommends a vote FOR the resolution approving the compensation of the Company's Named Executive Officers.

AUDIT COMMITTEE REPORT

The information contained in this report shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the SEC or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended, or the Exchange Act.

The Audit Committee has reviewed and discussed the Company's audited financial statements with management. The Audit Committee has also discussed with Deloitte & Touche, the Company's independent registered public accountant for fiscal year 2012, the matters required to be discussed by standards promulgated by the Public Company Accounting Oversight Board ("PCAOB") and the SEC. These include, among other items, the audit of the Company's financial statements. The Audit Committee has reviewed with the independent registered public accountant its judgment as to the quality, not just the acceptability, of the Company's accounting principles, as well as its opinion on the effectiveness of the Company's internal controls over financial reporting.

The Audit Committee has received written disclosures and the letter from Deloitte & Touche required by the PCAOB Ethics and Independence Rule 3526 relating to the registered public accountant's independence from the Company and its related entities and has discussed with Deloitte & Touche the registered public accountant's independence from the Company. The Audit Committee has considered whether the provision of services by the registered public accountant, other than audit services and review of Forms 10-Q, is compatible with maintaining the registered public accountant's independence.

In fulfilling its oversight responsibilities, the Audit Committee reviewed with management the Company's earnings release and quarterly report on Form 10-Q for the quarters ended March 31, June 30, and September 30, 2012, and the fiscal year earnings release and audited financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. This included discussion of the quality, not just the acceptability, of the Company's accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

Based on the review of the Company's audited financial statements and discussion with management and the independent registered public accountant described above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

In addition, the Audit Committee, in consultation with executive management, has selected Deloitte & Touche as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013. The Board has recommended to the stockholders that they ratify and approve the selection of Deloitte & Touche as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013.

While the Audit Committee has provided oversight, advice and direction regarding the Company's financial reporting process, management is responsible for establishing and maintaining the Company's internal controls, the preparation, presentation and integrity of financial statements and for the appropriateness of the accounting principles and reporting policies used by the Company. It is the responsibility of the independent registered public accountant, not the Audit Committee, to conduct the audit and opine on the conformity of the financial statements with accounting principles generally accepted in the United States, to opine on the effectiveness of the Company's internal control over financial reporting and to review the Company's unaudited interim financial statements. The Audit Committee's responsibility is to monitor and review these processes. It is not the Audit Committee's duty or responsibility to conduct auditing or accounting reviews or procedures.

This report is respectfully submitted by the Audit Committee of the Board of Directors:

AUDIT COMMITTEE

Victor J. Barnhart
Daniel Fox, Committee Chairman
John W. Poling

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes the Company's compensation program for the Named Executive Officers for fiscal year 2012. The Company's executive compensation program is performance-based and otherwise designed to ensure that the interests of executive officers are closely aligned with those of stockholders. The Board believes this program is effective in allowing the Company to attract and motivate highly-qualified senior talent capable of delivering outstanding business performance. The following discussion presents the Company's executive compensation program and policies. The Compensation Committee has provided oversight on the design and administration of the Company's program and policies, participated in the preparation of the Compensation Discussion and Analysis and recommended to the Board that it be included in this Proxy Statement. The Company's stockholders overwhelmingly approved our executive compensation program at our last annual meeting, with 12,253,869 votes for approval, 1,994,447 votes against and 155,428 abstentions. Although this vote is non-binding, the Compensation Committee viewed this strong endorsement of our executive compensation decisions and policies as an additional factor supporting the Compensation Committee's conclusion that our existing approach to executive compensation has been successful for the Company.

The Company's Named Executive Officers for fiscal year 2012 are Jeffrey R. Feeler (President, Chief Operating Officer and Secretary), Eric L. Gerratt (Vice President, Chief Accounting Officer, Chief Financial Officer and Treasurer), Steven D. Welling (Senior Vice President of Sales and Marketing), Simon G. Bell (Vice President of Operations), John M. Cooper (Vice President and Chief Information Officer) and James R. Baumgardner (former President, Chief Executive Officer and Chief Operating Officer). Mr. Feeler was formerly the Company's Vice President, Chief Financial Officer, Treasurer and Secretary. He was appointed as President and Chief Operating Officer as of October 25, 2012. Mr. Gerratt was formerly the Company's Vice President and Controller. He was appointed as Chief Accounting Officer and Chief Financial Officer as of October 25, 2012. Mr. Baumgardner entered into a Separation Agreement and Release to terminate his employment as President, Chief Executive Officer and Chief Operating Officer as of October 25, 2012.

Oversight of the Executive Compensation Program

The Compensation Committee, which is composed entirely of independent directors, administers the Company's executive compensation program. Committee membership is determined by the Board of Directors. The Compensation Committee has direct responsibility to review and recommend corporate goals and objectives relevant to the compensation of the Company's President, Chief Operating Officer and Secretary (the "President"), evaluate his performance in light of such goals and objectives, and make recommendations regarding his compensation based on this evaluation. The Compensation Committee also reviews the evaluation process and compensation structure for the Company's other officers, including the other Named Executive Officers, and makes recommendations regarding their compensation. The Compensation Committee submits all such recommendations to the Board for approval. The Compensation Committee also administers the Company's program for annual incentive cash payments as approved by the Board of Directors.

Objective of the Executive Compensation Program

The Company's long-term corporate objective is to create superior value for its stockholders. The objective of the executive compensation program is to attract, motivate, reward and retain highly qualified executive officers with the ability to help the Company achieve this objective. The executive compensation program is designed to provide a foundation of fixed compensation and a significant portion of performance-based compensation to align the interests of the Named Executive Officers with those of the Company's stockholders.

Principles

The Company believes that in order to meet its goal of increasing stockholder value, compensation must be both reasonable and competitive with what the Named Executive Officers would otherwise obtain if employed elsewhere in a similar position with similar responsibilities. The Compensation Committee believes performance-based executive compensation should reflect value created for stockholders consistent with the Company's strategic goals. The following principles are among those applied by the Compensation Committee:

Executive compensation programs should support short and long-term strategic goals and objectives;

Executive compensation programs should reflect the Company's overall value and business growth and reward individuals for outstanding contributions; and

Short and long-term executive compensation are critical factors in attracting and retaining well-qualified executive officers.

The Compensation Committee seeks to apply best practices in developing and administering compensation and benefit programs and has taken steps to enhance its ability to effectively carry out its responsibilities and to ensure that the Company maintains strong links between pay and performance. Examples of actions the Compensation Committee has taken to accomplish this include:

Periodically rotating Compensation Committee members and the Committee Chairman;

Reviewing publicly available data on compensation for executive officers in peer group companies;

Establishing minimum stock ownership requirements for directors, Principal Executive Officer and other senior executives;

Entering into employment agreements that are intended to better align the interests of executives and other key employees with stockholders; and

Establishing incentive programs for the Principal Executive Officer and other senior executives.

Role of Executive Officers and Consultants

While the Compensation Committee determines the Company's overall compensation philosophy and independently recommends compensation of the Principal Executive Officer to the full Board, it consults with the Principal Executive Officer and invites his recommendations with respect to both overall guidelines and specific compensation decisions for the other executive officers. As part of this process, the Principal Executive Officer gathers compensation data for public and sometimes private comparator companies (as identified below). The Compensation Committee then evaluates this and other information and discusses it with the Principal Executive Officer before presenting recommendations to the Board of Directors. While the Compensation Committee has the authority to retain compensation consultants to assist it in evaluating compensation matters, compensation consultants were not utilized for determining fiscal year 2012 compensation levels.

Relevance to Performance

The executive compensation program emphasizes performance measured by goals that align the interest of executives with those of the Company and its stockholders. For the Named Executive Officers to earn incentive payments, the Company must meet or exceed specified performance targets based on achievement of specified operating income, health and safety and environmental compliance targets, each determined by the Board of Directors to reflect meaningful creation of stockholder value. The incentive program for fiscal year 2012 is addressed in detail under the heading "Elements of Compensation-Annual Short-Term Incentives" of this Proxy Statement. The Compensation Committee may also recommend that the Board grant equity-based compensation based on the Company's performance and the performance of executives and other employees considered for such grants. The Compensation Committee evaluates such grants based on performance considerations and financial impact to the Company, including the effect of dilution on earnings per share.

Competitive Considerations

The Company reviews relevant market and industry compensation practices, from time to time, in order to determine appropriate overall compensation for the Named Executive Officers. It does so to balance the need to compete for talent with the need to maintain a reasonable and responsible cost structure and to better align the Named Executive Officers' interests with stockholders' interests. Peer compensation data and performance metrics are combined with historical compensation information for each Named Executive Officer (other than the Principal Executive Officer) and provided annually to the Compensation Committee by the Principal Executive Officer along with a recommendation for each Named Executive Officer's salary for the succeeding fiscal year. These recommendations are then discussed and acted upon by the Board of Directors.

In recommending total compensation for the Named Executive Officers for fiscal year 2012, the Compensation Committee reviewed base salary, short-term incentive compensation and equity-based compensation for executive officers with similar responsibilities in an industry-specific peer group consisting of Clean Harbors, Inc.; Energy Solutions, Inc.; Perma-Fix Environmental Services, Inc.; and Waste Management, Inc. (collectively the "*Industry Peer Group*"). While market capitalization and other financial metrics vary amongst these companies, the Compensation Committee believes the Industry Peer Group is comprised of companies that are most likely to be the Company's competitors for executive talent. Furthermore, the number of participants in the market in which the Company operates is very limited.

In addition to the Industry Peer Group data and for purposes of determining the salary for Messrs. Feeler, Bell, Welling and Baumgardner, the Compensation Committee utilized data drawn from a peer group consisting of nineteen (19) publicly traded companies, across many industries, which met the following criteria when the analysis was undertaken; market capitalization between \$200 million and \$400 million, revenue from \$75 million to \$400 million, return on assets in excess of 10% and total assets from \$125 million to \$300 million (collectively the "*Performance Peer Group*"). The Performance Peer Group consisted of:

America's Car-Mart Inc.	Hi Tech Pharmacal Co. Inc.	SciClone Pharmaceuticals Inc.
Astronics Corp.	Integrated Silicon Solution Inc.	Transcend Services Inc.
Atrion Corp. AXT Inc.	Keithley Instruments Inc. Kensey Nash Corp.	US Physical Therapy Inc. United States Lime & Minerals Inc.
Calavo Growers Inc. Continuare Corp. Hallador Energy Co.	Nanometrics Inc. PetMed Express Inc. Rudolph Technologies Inc.	USA Mobility Inc.

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The position of Vice President of Accounting or Controller (or similar position) did not exist at many of the companies identified in the Performance Peer Group above. As a result, the companies in the table below were instead analyzed to recommend the total compensation of Mr. Gerratt for fiscal year 2012. The Compensation Committee utilized data drawn from this group consisting of twenty-two (22) publicly traded companies, across many industries, having a position of Vice President of Accounting or Controller (or similar position), which had a market capitalization between \$200 million and \$400 million when the analysis was undertaken.

Alamo Group Inc.	Graham Corp.	Powell Industries Inc.
Ampco-Pittsburgh Corp.	Kratos Defense & Security Solutions Inc.	Rural/Metro Corp.
Assisted Living Concepts Inc.	MaxLinear Inc.	Shoe Carnival Inc.
Beazer Homes USA Inc.	Mercer International Inc.	Star Gas Partners L.P.
Broadwind Energy Inc.	Moneygram International Inc.	Trident Microsystems Inc.
Corcept Therapeutics Inc.	OraSure Technologies Inc.	Young Innovations Inc.
Ducommun Inc.	Panhandle Oil and Gas Inc.	
Farmer Brothers Co.	Patriot Transportation Holding Inc.	

The position of Vice President and Chief Information Officer (or similar position) did not exist at many of the companies identified in the Performance Peer Group above. As a result, the companies in the table below were instead analyzed to recommend the total compensation of Mr. Cooper for fiscal year 2012. The Compensation Committee utilized data drawn from this group consisting of nineteen (19) publicly traded companies, across many industries, having a position of Chief Information Officer (or similar position), which had a market capitalization between \$200 million and \$500 million when the analysis was undertaken.

Apac Customer Services Inc.	Hawaiian Holdings Inc.LQDT	Saia Inc.
Cbeyond Inc.	Liquidity Services Inc.	Stage Stores Inc.
CorVel Corp.	Mac-Gray Corp.	USA Mobility Inc.
Dawson Geophysical Co.	MedQuist Inc.	Vonage Holdings Corp.
eResearch Technology Inc.	Olympic Steel Inc.	West Coast Bancorp
First Bancorp	OMNOVA Solutions Inc.	
First Merchants Corp.	Perry Ellis International Inc.	

The Company does not attempt to maintain a certain target percentile within the peer groups. Instead, total compensation for the Named Executive Officers is reviewed for benchmarking purposes to determine whether the Company is generally competitive in the market in which it operates, taking into consideration, among other things, the size of the Company, geographical location, experience of the Named Executive Officers and performance.

Elements of Compensation

Executive compensation is based on three components: base salary, annual short-term incentive opportunities and equity-based awards. The Compensation Committee regularly reviews each element of the compensation program to ensure consistency with the Company's objectives. The Compensation Committee believes that each compensation element complements the others and that together they serve to achieve the Company's compensation objectives. The Company does not require that a particular component comprise a set portion of the total compensation mix. The Company believes that a significant portion of the compensation should be performance-based, as compared to fixed, and that the performance-based (incentive) compensation should align an executive's interests with those of stockholders. While the Compensation Committee reviews total direct compensation (the sum of base salary, short-term incentive and equity awards) for the Named Executive Officers, it does not have a fixed objective with respect to such total direct compensation.

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Base Salary The Company provides competitive base salaries to attract and retain executive talent. The Compensation Committee believes a competitive base salary provides a degree of financial stability for the Named Executive Officers. Salaries may also form the basis for other compensation. For example, annual short-term incentive opportunities are calculated as a percentage of base salary. In recommending appropriate base salaries for Named Executive Officers, the Compensation Committee considers, among other factors, (i) performance of the Company and contributing roles of individual Named Executive Officers; (ii) each Named Executive Officer's experience and responsibilities; (iii) the performance of each Named Executive Officer; (iv) other forms of compensation; (v) internal pay alignment and equity; and (vi) executive compensation at peer group companies, taking into account the relative size of the companies. The Compensation Committee does not assign a particular weight to these factors.

Base salaries for the Named Executive Officers effective as of January 1, 2012 are set forth in the table below.

Name and Principal Position on January 1, 2012	Base Salary Effective on January 1, 2012 (\$)
James R. Baumgardner(1) <i>President, Chief Executive Officer & Chief Operating Officer</i>	325,000
Jeffrey R. Feeler <i>Vice President, Chief Financial Officer, Treasurer & Secretary</i>	196,854
Steven D. Welling <i>Senior Vice President of Sales & Marketing</i>	254,748
Simon G. Bell <i>Vice President of Operations</i>	198,660
Eric L. Gerratt <i>Vice President & Controller</i>	165,750
John M. Cooper <i>Vice President & Chief Information Officer</i>	156,520

- (1) On October 25, 2012 the Company and Mr. Baumgardner entered into a Separation Agreement and Release terminating his employment as President, Chief Executive Officer and Chief Operating Officer. See discussion under "Baumgardner Separation Agreement and Release" for more information.

Effectiv