

US ECOLOGY, INC.
Form 10-Q
November 08, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended: September 30, 2011

or

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: 0-11688

US ECOLOGY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State of Incorporation)

95-3889638
(I.R.S. Employer Identification Number)

Lakepointe Centre I,
300 E. Mallard, Suite 300

Boise, Idaho
(Address of Principal Executive Offices)

83706
(Zip Code)

(208) 331-8400

(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 No

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 No

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.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller Reporting Company
(Do not check if smaller reporting company)

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

The number of shares of the registrant's common stock, \$0.01 par value, outstanding as of November 4, 2011 was 18,317,514.

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US ECOLOGY, INC.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****US ECOLOGY, INC.****CONSOLIDATED BALANCE SHEETS****(in thousands, except per share amounts)****(unaudited)**

	September 30, 2011	December 31, 2010
Assets		
Current Assets:		
Cash and cash equivalents	\$ 6,059	\$ 6,342
Receivables, net	28,708	33,553
Prepaid expenses and other current assets	2,709	2,635
Income taxes receivable	29	
Deferred income taxes	872	455
Total current assets	38,377	42,985
Property and equipment, net	101,038	105,822
Restricted cash	4,115	4,115
Intangible assets, net	38,863	41,740
Goodwill	20,815	21,790
Other assets	721	897
Total assets	\$ 203,929	\$ 217,349
Liabilities and Stockholders Equity		
Current Liabilities:		
Accounts payable	\$ 5,516	\$ 5,033
Deferred revenue	4,076	3,620
Accrued liabilities	9,031	8,188
Accrued salaries and benefits	4,459	4,051
Income taxes payable	971	2,615
Current portion of closure and post-closure obligations	2,462	778
Current portion of capital lease obligations	3	7
Total current liabilities	26,518	24,292
Long-term closure and post-closure obligations	14,788	15,995
Long-term capital lease obligations	1	3
Reducing revolving line of credit	48,000	63,000
Other long-term liabilities	157	201
Unrecognized tax benefits	429	
Deferred income taxes	18,068	19,146

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Total liabilities	107,961	122,637
Contingencies and commitments		
Stockholders' Equity:		
Common stock \$0.01 par value, 50,000 authorized; 18,318 and 18,311 shares issued, respectively	183	183
Additional paid-in capital	62,188	61,892
Retained earnings	35,779	33,940
Treasury stock, at cost, 93 and 119 shares, respectively	(1,555)	(1,979)
Accumulated other comprehensive (loss) income	(627)	676
Total stockholders' equity	95,968	94,712
Total liabilities and stockholders' equity	\$ 203,929	\$ 217,349

See Notes to Consolidated Financial Statements.

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US ECOLOGY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenue	\$ 39,670	\$ 25,984	\$ 113,350	\$ 65,356
Other direct operating costs	18,810	10,229	54,825	30,239
Transportation costs	5,571	5,383	20,689	11,027
Gross profit	15,289	10,372	37,836	24,090
Selling, general and administrative expenses	5,722	3,929	15,874	10,839
Operating income	9,567	6,443	21,962	13,251
Other income (expense):				
Interest income	6	16	21	47
Interest expense	(395)		(1,277)	(1)
Foreign currency loss	(3,661)	(35)	(2,193)	(59)
Other	73	65	245	179
Total other income (expense)	(3,977)	46	(3,204)	166
Income before income taxes	5,590	6,489	18,758	13,417
Income tax expense	1,864	2,551	7,087	5,366
Net income	\$ 3,726	\$ 3,938	\$ 11,671	\$ 8,051
Earnings per share:				
Basic	\$ 0.20	\$ 0.22	\$ 0.64	\$ 0.44
Diluted	\$ 0.20	\$ 0.22	\$ 0.64	\$ 0.44
Shares used in earnings per share calculation:				
Basic	18,202	18,172	18,194	18,167
Diluted	18,227	18,186	18,219	18,186
Dividends paid per share	\$ 0.18	\$ 0.18	\$ 0.54	\$ 0.54

See Notes to Consolidated Financial Statements.

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US ECOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2011	2010
Cash Flows From Operating Activities:		
Net income	\$ 11,671	\$ 8,051
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	9,911	5,011
Amortization of intangible assets	1,076	
Accretion of closure and post-closure obligations	970	830
Unrealized foreign currency loss	2,217	
Deferred income taxes	(904)	117
Stock-based compensation expense	623	789
Unrecognized tax benefits	429	
Net loss on sale of property and equipment	99	167
Changes in assets and liabilities:		
Receivables	4,585	(1,456)
Income tax receivable	(31)	
Other assets	80	(646)
Accounts payable and accrued liabilities	2,392	1,884
Deferred revenue	516	483
Accrued salaries and benefits	483	(78)
Income tax payable	(1,646)	861
Closure and post-closure obligations	(437)	(215)
Other		18
Net cash provided by operating activities	32,034	15,816
Cash Flows From Investing Activities:		
Purchases of property and equipment	(7,493)	(9,023)
Proceeds from sale of property and equipment	57	61
Purchases of short-term investments		(4,998)
Maturities of short-term investments		6,375
Restricted cash		686
Net cash used in investing activities	(7,436)	(6,899)
Cash Flows From Financing Activities:		
Payments on reducing revolving line of credit	(29,400)	
Proceeds from reducing revolving line of credit	14,400	
Dividends paid	(9,832)	(9,816)
Proceeds from stock option exercises	97	
Payment of capital lease obligations	(6)	(9)
Net cash used in financing activities	(24,741)	(9,825)
Effect of foreign exchange rate changes on cash	(140)	
Decrease in cash and cash equivalents	(283)	(908)
Cash and cash equivalents at beginning of period	6,342	31,347

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Cash and cash equivalents at end of period	\$	6,059	\$	30,439
Supplemental Disclosures				
Income taxes paid, net of receipts	\$	9,233	\$	4,387
Interest paid		986		
Non-cash investing and financing activities:				
Capital expenditures in accounts payable		868		868
Closure/Post-closure retirement asset				1,257
Restricted stock issued from treasury shares	\$	424	\$	611

See Notes to Consolidated Financial Statements.

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US ECOLOGY, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(\$s in thousands)
(unaudited)

	Common Shares Issued	Par Value Common Stock	Additional Paid-In Capital	Comprehensive Income	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total
Balance 12-31-2009	18,305,614	\$ 183	\$ 61,459		\$	\$ 34,446	\$ (2,590)	\$ 93,498
Net income				\$ 8,051		8,051		8,051
Comprehensive income				\$ 8,051				
Dividend paid						(9,816)		(9,816)
Stock-based compensation			789					789
Issuance of restricted common stock from treasury shares			(611)				611	
Balance 9-30-2010	18,305,614	\$ 183	\$ 61,637		\$	\$ 32,681	\$ (1,979)	\$ 92,522
Balance 12-31-2010	18,310,614	\$ 183	\$ 61,892		\$ 676	\$ 33,940	\$ (1,979)	\$ 94,712
Net income				\$ 11,671		11,671		11,671
Foreign currency translation				(1,303)	(1,303)			(1,303)
Comprehensive income				\$ 10,368				
Dividend paid						(9,832)		(9,832)
Stock option exercises	6,900		97					97
Stock-based compensation			623					623
Issuance of restricted common stock from treasury shares			(424)				424	
Balance 9-30-2011	18,317,514	\$ 183	\$ 62,188		\$ (627)	\$ 35,779	\$ (1,555)	\$ 95,968

See Notes to Consolidated Financial Statements.

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US ECOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

NOTE 1 GENERAL

Basis of Presentation

The accompanying unaudited consolidated financial statements include the results of operations, financial position and cash flows of US Ecology, Inc., and its wholly-owned subsidiaries (collectively, "US Ecology" or "the Company"). All significant intercompany balances have been eliminated.

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments necessary to present fairly, in all material respects, the results of the Company for the periods presented. These consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been omitted pursuant to the rules and regulations of the SEC. These consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's 2010 Annual Report on Form 10-K filed with the SEC on March 15, 2011. The results of operations and cash flows for the three and nine months ended September 30, 2011 are not necessarily indicative of results to be expected for the entire fiscal year.

The Company's Consolidated Balance Sheet as of December 31, 2010 has been derived from the Company's audited Consolidated Balance Sheet as of that date.

Use of Estimates

The preparation of the Company's consolidated financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions. Some of these estimates require difficult, subjective or complex judgments about matters that are inherently uncertain. As a result, actual results could differ from these estimates, in some cases materially. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

Financial Instruments. Cash and cash equivalents, accounts receivable, short-term borrowings, restricted cash, accounts payable and accrued liabilities as presented in the consolidated financial statements approximate fair value because of the short-term nature of these instruments.

NOTE 2 ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The components of accumulated other comprehensive income/(loss) were as follows (in thousands):

	September 30, 2011	December 31, 2010
Cumulative adjustment of foreign currency statements	\$ (627)	\$ 676
Accumulated other comprehensive (loss) income	\$ (627)	\$ 676

NOTE 3 CONCENTRATION AND CREDIT RISK

Major Customers. No customer represented more than 10% of total revenue for the three and nine months ended September 30, 2011. Revenue under the Company's multiple year disposal contract with the U.S. Army Corps of Engineers (USACE) represented 19% and 18% of total revenue for the three and nine months ended September 30, 2010, respectively. Revenue from General Electric, Inc. (GE) represented 11% of total revenue for the three months ended September 30, 2010. No other customer represented more than 10% of total revenue for the three and nine months ended September 30, 2010.

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No customers accounted for more than 10% of total trade receivables as of September 30, 2011. The following customers accounted for more than 10% of total trade receivables as of December 31, 2010:

Customer	Percent of Receivables December 31, 2010
U.S. Army Corps of Engineers	12%
Honeywell International, Inc.	10%
General Electric, Inc.	10%

Credit Risk Concentration. We maintain most of our cash and short-term investments with nationally recognized financial institutions like Wells Fargo National Association (Wells Fargo). Substantially all of our balances are uninsured and are not used as collateral for other obligations. Concentrations of credit risk on accounts receivable are believed to be limited due to the number, diversification and character of the obligors and our credit evaluation process.

NOTE 4 RECEIVABLES

Receivables were as follows:

(in thousands)	September 30, 2011	December 31, 2010
Trade	\$ 26,699	\$ 32,221
Unbilled revenue	1,434	1,463
Other	1,083	207
	29,216	33,891
Allowance for doubtful accounts	(508)	(338)
	\$ 28,708	\$ 33,553

NOTE 5 PROPERTY AND EQUIPMENT

(in thousands)	September 30, 2011	December 31, 2010
Cell development costs	\$ 61,510	\$ 58,944
Land and improvements	13,083	13,016
Buildings and improvements	51,017	44,228
Railcars	17,375	17,375
Vehicles and other equipment	33,051	31,252
Construction in progress	3,331	10,556
	179,367	175,371

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Accumulated depreciation and amortization	(78,329)	(69,549)
	\$ 101,038	\$ 105,822

Depreciation expense for the three months ended September 30, 2011 and 2010 was \$3.6 million and \$1.9 million, respectively. Depreciation expense for the nine months ended September 30, 2011 and 2010 was \$9.9 million and \$5.0 million, respectively.

Table of Contents**NOTE 6 BUSINESS COMBINATION**

On October 31, 2010, the Company, through a wholly-owned subsidiary, acquired 100% of the outstanding shares of Seaway TLC Inc. and its wholly-owned subsidiaries Stablex Canada Inc. and Gulfstream TLC, Inc. (collectively Stablex). The following unaudited pro forma financial information presents the combined results of operations as if Stablex had been combined with us beginning on January 1, 2010. The pro forma financial information includes the accounting impact of the business combination, including the amortization of intangible assets, depreciation of property, plant and equipment and interest expense. The unaudited pro forma financial information is presented for informational purposes only. It is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period presented, nor should it be taken as an indication of our future consolidated results of operations.

(in thousands, except per share data)	(unaudited) Three months ended September 30, 2010		(unaudited) Nine months ended September 30, 2010	
Pro forma combined revenues	\$	29,895	\$	85,355
Pro forma combined net income	\$	2,922	\$	6,080
Earnings per share				
Basic	\$	0.16	\$	0.33
Dilutive	\$	0.16	\$	0.33

NOTE 7 GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets as of September 30, 2011 and December 31, 2010 reflect our acquisition of Stablex on October 31, 2010 (see Note 6). Prior to the acquisition of Stablex, the Company had no goodwill or intangible assets. The goodwill has been assigned to the Operating Disposal Facilities reporting segment. Changes in goodwill for the three and nine months ended September 30, 2011 were as follows:

(in thousands)	Three Months Ended September 30, 2011		Nine Months Ended September 30, 2011	
Balance, beginning of period	\$	22,419	\$	21,790
Foreign currency translation		(1,604)		(975)
Balance, end of period	\$	20,815	\$	20,815

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Below is a summary of amortizable and other intangible assets:

(in thousands)	September 30, 2011	December 31, 2010
Amortized intangible assets		
Developed software	\$ 337	\$ 352
Database	96	100
Customer relationships	3,919	4,102
Technology - Formulae and processes	8,740	9,149
Permits, licenses and lease	26,844	28,101
	39,936	41,804
Accumulated amortization	(1,236)	(235)
Unamortized intangible assets		
Tradename	163	171
	\$ 38,863	\$ 41,740

Amortization expense for the three and nine months ended September 30, 2011 was \$358,000 and \$1.1 million, respectively. There was no amortization of intangibles in the three and nine months ended September 30, 2010.

NOTE 8 DEBT

We have a credit agreement (the Credit Agreement) with Wells Fargo which provides for borrowings in an aggregate of \$89.4 million, net of commitment reductions. The Credit Agreement provides a \$20.0 million revolving line of credit (the Revolving Line of Credit) with a maturity date of June 15, 2013 and a \$69.4 million reducing revolving line of credit (the Reducing Revolving Line of Credit), net of commitment reductions with a maturity date of November 1, 2015.

Revolving Line of Credit

The Revolving Line of Credit provides up to \$20 million in revolving credit loans or letters of credit for working capital needs (the Commitment Amount). These revolving loans are available based on the Prime Rate or LIBOR, at the Company's option, plus an applicable margin, which is determined according to a pricing grid under which the interest rate decreases or increases based on our ratio of funded debt to earnings before interest, taxes, depreciation and amortization (EBITDA). At September 30, 2011, the effective interest rate of the Revolving Line of Credit was 1.9%. Interest only payments are due either monthly or on the last day of any interest period, as applicable. At September 30, 2011 and December 31, 2010 there were no amounts outstanding under the Revolving Line of Credit. At September 30, 2011, the availability under the Revolving Line of Credit was \$16.0 million with \$4.0 million of the line of credit issued in the form of a standby letter of credit utilized as collateral for closure and post-closure financial assurance.

Reducing Revolving Line of Credit

The Reducing Revolving Line of Credit provides an initial commitment amount of \$75.0 million, the proceeds of which were used to acquire all of the shares of Stablex, and thereafter will be used to provide financing for working capital needs (the Reducing Revolving Commitment Amount). The initial Reducing Revolving Commitment Amount is reduced by \$2.8 million on the last day of each June, September, December and March beginning June 30, 2011, and continuing through November 1, 2015. At September 30, 2011, the net commitment amount under the Reducing Revolving Line of Credit after consideration of scheduled commitment reductions was \$69.4 million. Under the Reducing Revolving Line of Credit revolving loans are available based on the Prime Rate or LIBOR, at the Company's option, plus an applicable margin, which is determined according to a pricing grid under which the interest rate decreases or increases based on our ratio of funded debt to EBITDA. At September 30, 2011, the effective interest rate of the Reducing Revolving Line of Credit was 2.4%. Interest only payments are due either monthly or on the last day of any interest period, as applicable. There was \$48.0 million and \$63.0 million outstanding on the Reducing Revolving Line of Credit at September 30, 2011 and December 31, 2010, respectively. At September 30, 2011, the availability for additional borrowings under the Reducing Revolving Line of Credit was \$21.4 million.

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In addition to standard fees, origination and commitment fees apply based on the average daily unused portion of the Commitment Amount and the Reducing Revolving Commitment Amount. The Credit Agreement contains certain quarterly financial covenants, including a maximum funded debt ratio, a maximum fixed charge coverage ratio, a minimum required tangible net worth and a minimum current ratio. In addition, we may only declare quarterly or annual dividends if on the date of declaration, no default has occurred, or no other event or condition has occurred that would constitute an event of default after giving effect to the payment of the dividend. Obligations under the Credit Agreement are guaranteed by US Ecology and all of its subsidiaries.

At September 30, 2011, we were in compliance with all of the financial covenants in the Credit Agreement.

NOTE 9 CLOSURE AND POST-CLOSURE OBLIGATIONS

Closure and post-closure obligations are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated. We perform periodic reviews of both non-operating and operating facilities and revise accruals for estimated post-closure, remediation and other costs when necessary. Our recorded liabilities are based on estimates of future costs and are updated periodically to reflect existing environmental conditions, current technology, laws and regulations, permit conditions, inflation and other factors.

Changes to reported closure and post-closure obligations were as follows:

(in thousands)	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2011
Beginning obligation	\$ 17,314	\$ 16,773
Accretion expense	323	970
Payments	(281)	(431)
Currency translation	(106)	(62)
Ending obligation	17,250	17,250
Less current portion	(2,462)	(2,462)
Long-term portion	\$ 14,788	\$ 14,788

NOTE 10 INCOME TAXES

During the three months ended September 30, 2011, the Company recorded unrecognized tax benefits of \$420,000 and accrued interest of \$9,000 related to filing positions taken on our recently filed 2010 U.S. income tax returns. As of September 30, 2011, we had unrecognized tax benefits of \$429,000 (including interest of \$9,000) that, if recognized, would positively affect the effective tax rate. We had no unrecognized tax benefits as of December 31, 2010. The Company does not anticipate the total unrecognized tax benefits to increase or decrease materially within the next twelve months. We recognize interest assessed by taxing authorities as a component of interest expense. We recognize any penalties assessed by taxing authorities as a component of selling, general and administrative expenses. Interest and penalties for the three and nine months ended September 30, 2011 and 2010 were not material.

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Our effective tax rate for the three and nine months ended September 30, 2011 was 33.4% and 37.8%, respectively, down from 39.3% and 40.0% for the three and nine months ended September 30, 2010, respectively. The decrease in our effective tax rate reflects a reduction in our estimated state income tax rate, favorable adjustments resulting from filing our 2010 income tax returns and higher earnings levels in 2011 as compared with the same period in 2010.

We file a consolidated U.S. federal income tax return with the Internal Revenue Service (IRS) as well as income tax returns in various states and Canada. We may be subject to examination by taxing authorities in the U.S. and Canada for tax years 2008 through 2010. Additionally, we may be subject to examinations by various state and local taxing jurisdictions for tax years 2006 through 2010. We are currently not aware of any examinations by taxing authorities.

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In the ordinary course of business, we are periodically involved in judicial and administrative proceedings involving federal, state or local governmental authorities. Actions may also be brought by individuals or groups in connection with permit modifications at existing facilities, proposed new facilities, alleged violations of existing permits, or alleged damages suffered from exposure to hazardous substances purportedly released from our operating sites or non-operating sites, as well as other litigation. We maintain insurance intended to cover property and damage claims asserted as a result of our operations. Periodically, management reviews and may establish reserves for legal, environmental and administrative matters, or fees expected to be incurred in connection therewith.

NOTE 12 COMPUTATION OF EARNINGS PER SHARE

(in thousands, except per share data)	Three Months Ended September 30,			
	2011		2010	
	Basic	Diluted	Basic	Diluted
Net income	\$ 3,726	\$ 3,726	\$ 3,938	\$ 3,938
Weighted average common shares outstanding	18,202	18,202	18,172	18,172
Dilutive effect of stock options and restricted stock		25		14
Weighted average shares outstanding		18,227		18,186
Earnings per share	\$ 0.20	\$ 0.20	\$ 0.22	\$ 0.22
Anti-dilutive shares excluded from calculation		308		342

(in thousands, except per share data)	Nine Months Ended September 30,			
	2011		2010	
	Basic	Diluted	Basic	Diluted
Net income	\$ 11,671	\$ 11,671	\$ 8,051	\$ 8,051
Weighted average common shares outstanding	18,194	18,194	18,167	18,167
Dilutive effect of stock options and restricted stock		25		19
Weighted average shares outstanding		18,219		18,186
Earnings per share	\$ 0.64	\$ 0.64	\$ 0.44	\$ 0.44
Anti-dilutive shares excluded from calculation		327		333

NOTE 13 TREASURY STOCK

During the nine months ended September 30, 2011, the Company issued 25,400 shares of restricted stock from our treasury stock position at an average cost of \$16.68 per share.

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We operate within two segments, Operating Disposal Facilities and Non-Operating Disposal Facilities. The Operating Disposal Facilities segment represents facilities currently accepting waste. The Non-Operating Disposal Facilities segment represents facilities that are no longer accepting waste.

Income taxes are assigned to Corporate. All other items are included in the segment of origin. Intercompany transactions have been eliminated from the segment information and are not significant between segments.

Summarized financial information concerning our reportable segments is shown in the following tables:

(in thousands)	Operating Disposal Facilities	Non- Operating Disposal Facilities	Corporate	Total
<u>Three months ended September 30, 2011</u>				
Revenue - Treatment and disposal	\$ 34,558	\$ 6	\$	\$ 34,564
Revenue - Transportation services	5,106			5,106
Total revenue	39,664	6		39,670
Other direct operating costs	18,752	58		18,810
Transportation costs	5,571			5,571
Gross profit (loss)	15,341	(52)		15,289
Selling, general & administration	2,925		2,797	5,722
Operating income (loss)	12,416	(52)	(2,797)	9,567
Interest income (expense), net	6		(395)	(389)
Foreign currency gain (loss)	218		(3,879)	(3,661)
Other income	73			73
Income (loss) before tax	12,713	(52)	(7,071)	5,590
Income tax expense			1,864	1,864
Net income (loss)	\$ 12,713	\$ (52)	\$ (8,935)	\$ 3,726
Depreciation, amortization & accretion	\$ 4,217	\$ 55	\$ 13	\$ 4,285
Capital expenditures	\$ 1,773	\$	\$ 46	\$ 1,819
Total assets	\$ 194,961	\$ 91	\$ 8,877	\$ 203,929

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(in thousands)	Operating Disposal Facilities	Non-Operating Disposal Facilities	Corporate	Total
Three months ended September 30, 2010				
Revenue - Treatment and disposal	\$ 20,662	\$ 9	\$	\$ 20,671
Revenue - Transportation services	5,313			5,313
Total revenue	25,975	9		25,984
Other direct operating costs	10,171	58		10,229
Transportation costs	5,383			5,383
Gross profit (loss)	10,421	(49)		10,372
Selling, general & administration	1,214		2,715	3,929
Operating income (loss)	9,207	(49)	(2,715)	6,443
Interest income (expense), net	3		13	16
Foreign currency gain (loss)	(35)			(35)
Other income	61	4		65
Income (loss) before tax	9,236	(45)	(2,702)	6,489
Income tax expense			2,551	2,551
Net income (loss)	\$ 9,236	\$ (45)	\$ (5,253)	\$ 3,938
Depreciation, amortization & accretion	\$ 2,142	\$ 51	\$ 11	\$ 2,204
Capital expenditures	\$ 4,124	\$ 20	\$	\$ 4,144
Total assets	\$ 92,306	\$ 57	\$ 36,140	\$ 128,503

(in thousands)	Operating Disposal Facilities	Non-Operating Disposal Facilities	Corporate	Total
Nine months ended September 30, 2011				
Revenue - Treatment and disposal	\$ 94,113	\$ 17	\$	\$ 94,130
Revenue - Transportation services	19,220			19,220
Total revenue	113,333	17		113,350
Other direct operating costs	54,653	172		54,825
Transportation costs	20,689			20,689
Gross profit (loss)	37,991	(155)		37,836
Selling, general & administration	7,757		8,117	15,874
Operating income (loss)	30,234	(155)	(8,117)	21,962
Interest income (expense), net	19		(1,275)	(1,256)
Foreign currency gain (loss)	125		(2,318)	(2,193)
Other income	244	1		245
Income (loss) before tax	30,622	(154)	(11,710)	18,758
Income tax expense			7,087	7,087
Net income (loss)	\$ 30,622	\$ (154)	\$ (18,797)	\$ 11,671
Depreciation, amortization & accretion	\$ 11,757	\$ 164	\$ 36	\$ 11,957
Capital expenditures	\$ 7,369	\$ 12	\$ 112	\$ 7,493
Total assets	\$ 194,961	\$ 91	\$ 8,877	\$ 203,929

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(in thousands)	Operating Disposal Facilities	Non- Operating Disposal Facilities	Corporate	Total
<u>Nine months ended September 30, 2010</u>				
Revenue - Treatment and disposal	\$ 55,003	\$ 22	\$	\$ 55,025
Revenue - Transportation services	10,331			10,331
Total revenue				