

US ECOLOGY, INC.
Form 10-K
March 01, 2013

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012

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: 0000-11688

US ECOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

95-3889638
(I.R.S. Employer
Identification No.)

300 E. Mallard Dr., Suite 300
Boise, Idaho
(Address of principal executive offices)

83706
(Zip Code)

Registrant's telephone number, including area code: **(208) 331-8400**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$0.01 par value
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 (§ 232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 a
smaller reporting company)

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

The aggregate market value of the registrant's voting stock held by non-affiliates on June 30, 2012 was approximately \$320.6 million based on the closing price of \$17.74 per share as reported on the NASDAQ Global Market System.

At February 27, 2013, there were 18,398,970 shares of the registrant's Common Stock outstanding.

Documents Incorporated by Reference

Listed hereunder are the documents, any portions of which are incorporated by reference and the Parts of this Form 10-K into which such portions are incorporated:

1. The registrant's definitive proxy statement for use in connection with the Annual Meeting of Stockholders to be held on or about May 30, 2013 to be filed within 120 days after the registrant's fiscal year ended December 31, 2012, portions of which are incorporated by reference into Part III of this Form 10-K.
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US ECOLOGY, INC.

FORM 10-K

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PART I

Cautionary Statement for Purposes of Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995

This annual report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws. Statements that are not historical facts, including statements about the Company's beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words "may," "could," "would," "should," "believe," "expect," "anticipate," "plan," "estimate," "target," "project," "intend" and similar expressions. These statements include, among others, statements regarding our financial and operating results, strategic objectives and means to achieve those objectives, the amount and timing of capital expenditures, repurchases of its stock under approved stock repurchase plans, the amount and timing of interest expense, the likelihood of our success in expanding our business, financing plans, budgets, working capital needs and sources of liquidity.

Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on management's beliefs and assumptions, which in turn are based on currently available information. Important assumptions include, among others, those regarding demand for Company services, expansion of service offerings geographically or through new or expanded service lines, the timing and cost of planned capital expenditures, competitive conditions and general economic conditions. These assumptions could prove inaccurate.

Forward-looking statements also involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Many of these factors are beyond our ability to control or predict. Such factors include the replacement of non-recurring event clean-up projects, a loss of a major customer, our ability to permit and contract for timely construction of new or expanded disposal cells, our ability to renew our operating permits or lease agreements with regulatory bodies, loss of key personnel, compliance with and changes to applicable laws, rules, or regulations, fluctuations in foreign currency markets, access to insurance, surety bonds and other financial assurances, a deterioration in our labor relations or labor disputes, our ability to perform under required contracts, failure to realize anticipated benefits and operational performance from acquired operations, adverse economic conditions, government funding or competitive pressures, incidents or adverse weather conditions that could limit or suspend specific operations, access to cost effective transportation services, lawsuits, market conditions, our willingness or ability to pay dividends, implementation of new technologies and our ability to effectively close and integrate future acquisitions.

Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission (the "SEC"), we are under no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on our forward-looking statements. Although we believe that the expectations reflected in forward-looking statements are reasonable, we cannot guarantee future results or performance. Before you invest in our common stock, you should be aware that the occurrence of the events described in the "Risk Factors" section in this report could harm our business, prospects, operating results, and financial condition.

Investors should also be aware that while we do, from time to time, communicate with securities analysts, it is against our policy to disclose to them any material non-public information or other confidential commercial information. Accordingly, stockholders should not assume that we agree with any statement or report issued by any analyst irrespective of the content of the statement or report. Furthermore, we have a policy against issuing or confirming financial forecasts or projections issued by others. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not the responsibility of US Ecology, Inc.

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Item 1. Business

General

The table below contains definitions that are used throughout this Annual Report on Form 10-K.

Term	Meaning
US Ecology, the Company, "we," "our," "us"	US Ecology, Inc., and its subsidiaries
AEA	Atomic Energy Act of 1954 as amended
CEPA	Canadian Environmental Protection Act (1999)
CERCLA or "Superfund"	Comprehensive Environmental Response, Compensation and Liability Act of 1980
FUSRAP	U.S. Army Corps of Engineers Formerly Utilized Site Remedial Action Program
LARM	Low-activity radioactive material exempt from federal Atomic Energy Act regulation for disposal
LLRW	Low-level radioactive waste regulated under the federal Atomic Energy Act for disposal
NORM/NARM	Naturally occurring and accelerator produced radioactive material
NRC	U.S. Nuclear Regulatory Commission
PCBs	Polychlorinated biphenyls
QEQA	Québec Environmental Quality Act
RCRA	Resource Conservation and Recovery Act of 1976
SEC	U. S. Securities and Exchange Commission
TSCA	Toxic Substances Control Act of 1976
USACE	U.S. Army Corps of Engineers
USEPA	U.S. Environmental Protection Agency
WUTC	Washington Utilities and Transportation Commission

US Ecology, through our subsidiaries, provides radioactive, hazardous, PCB and non-hazardous industrial waste management and recycling services to commercial and government entities, such as refineries and chemical production facilities, manufacturers, electric utilities, steel mills, medical and academic institutions and waste brokers/aggregators. Headquartered in Boise, Idaho, we are one of the oldest providers of such services in North America. US Ecology and its predecessor companies have been in business for 60 years. We operate within North America and employed 425 people as of December 31, 2012.

Our filings with the SEC are posted on our website at www.usecology.com. The information found on our website is not part of this or any other report we file with or furnish to the SEC. The public can also obtain copies of these filings by visiting the SEC's Public Reference Room at 100 F Street NE, Washington DC 20549, or by calling the SEC at 1-800-SEC-0330 or by accessing the SEC's website at www.sec.gov.

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US Ecology was most recently incorporated as a Delaware corporation in May 1987 as American Ecology Corporation. On February 22, 2010, the Company changed its name from American Ecology Corporation to US Ecology, Inc. Our wholly-owned primary operating subsidiaries are US Ecology Nevada, Inc., a Delaware corporation ("USEN"); US Ecology Washington, Inc., a Delaware corporation ("USEW"); US Ecology Texas, Inc., a Delaware corporation ("USET"); US Ecology Idaho, Inc., a Delaware corporation ("USEI"); US Ecology Michigan, Inc., a Michigan corporation ("USEM"); US Ecology Field Services, Inc., a Delaware corporation ("USEFS"); US Ecology Stablex Holdings, Inc., a Delaware corporation ("USESH"); and Stablex Canada Inc., a Canadian Federal Corporation ("Stablex"). US Ecology Illinois, Inc., a California corporation ("USE"), operates our closed property in Sheffield, Illinois. American Ecology Environmental Services Corporation, a Texas corporation ("AEESC"), operates our closed property in Winona, Texas.

We operate within two business segments: Operating Disposal Facilities and Non-Operating Disposal Facilities. These segments reflect our current operational status and internal reporting structure. Operating Disposal Facilities accept hazardous waste, non-hazardous waste, LARM and LLRW and include our RCRA permitted waste treatment and disposal facilities near Beatty, Nevada; Grand View, Idaho; Detroit, Michigan; and Robstown, Texas, our AEA permitted disposal facility near Richland, Washington and our Blainville, Québec, Canada facility. Our Washington, Idaho and (to a lesser degree) Texas and Nevada facilities also accept certain NORM/NARM waste and LARM. Non-Operating Disposal Facilities include our former disposal facilities in Sheffield, Illinois; Beatty, Nevada; and Bruneau, Idaho and a former hazardous waste processing and deep-well injection operation in Winona, Texas. All other items are included in the segment where they originated. Inter-company transactions have been eliminated from the segment information and are not significant between segments. Financial information with respect to each segment is further discussed in Note 17 to the consolidated financial statements located in Item 8 Financial Statements and Supplementary Data to this Form 10-K.

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The following table summarizes our subsidiaries, locations and services of each segment:

Subsidiary	Location	Services
<i>Operating Disposal Facilities</i>		
USEN	Beatty, Nevada	Hazardous, non-hazardous industrial, NORM and PCB waste treatment and disposal
USEW	Richland, Washington	LLRW, NORM/NARM and LARM waste disposal
USET	Robstown, Texas	Hazardous, non-hazardous industrial, LARM and NORM/NARM waste treatment and disposal, recycling services, rail transfer station
USEI	Grand View, Idaho	Hazardous, non-hazardous industrial, PCB, NORM/NARM, LARM and mixed waste treatment and disposal, rail transfer station
USEM	Detroit, Michigan	Hazardous and non-hazardous waste water treatment and disposal, hazardous and non-hazardous waste treatment and disposal
Stablex	Blainville, Québec, Canada	Hazardous waste treatment and disposal
<i>Non-Operating Disposal Facilities</i>		
USE	Sheffield, Illinois	Closed LLRW disposal facility under long-term care: State of Illinois is licensee
USE	Sheffield, Illinois	Non-operating hazardous waste disposal facility: USE is permittee
AEESC	Winona, Texas	Non-operating hazardous waste processing and deep well facility: AEESC is permittee
USEI	Bruneau, Idaho	Closed hazardous waste disposal facility: USEI is permittee
<i>Operating Disposal Facilities</i>		

We derive revenue from treating and disposing of hazardous, non-hazardous industrial and radioactive waste in government permitted facilities. We also derive revenue from transportation services generally to get material from the customer location to one of our facilities. Treatment and disposal ("T&D") revenue can be broken down into two categories: "Base Business" and "Event Business." Base Business tends to be waste streams generated through on-going industrial process that is recurring in nature. Event Business is waste generated from a discrete waste clean-up project that is one-time in nature. The duration of Event Business projects can last from a one-week clean-up of a small contaminated site to a multiple year clean-up project.

A significant portion of our disposal revenue is attributable to discrete Event Business projects which vary widely in size, duration and unit pricing. For the year ended December 31, 2012, approximately 35% of our T&D revenue (excluding US Ecology Michigan, Inc., which was acquired on May 31, 2012) was derived from Event Business projects. The one-time nature of Event Business, diverse spectrum of waste types received and widely varying unit pricing necessarily creates variability in revenue and earnings. This variability may be influenced by general economic conditions, funding availability, changes in laws and regulations, government enforcement actions or court orders, public controversies, litigation, weather, real estate redevelopment project timing, government appropriation and funding commitment cycles and other

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factors. The types and amounts of waste received from recurring customers ("Base Business") also vary quarter to quarter, sometimes significantly, but are generally more predictable than Event Business.

Depending on project-specific customer needs and competitive economics, transportation services may be offered at or near our cost to help secure new business. Transportation-related revenue can account for as much as three-fourths (75%) of total project revenue for waste transported by rail from the eastern United States and other locations distant to our Grand View, Idaho or Robstown, Texas facilities.

The types of waste received, also referred to as "service mix," can produce significant quarter-to-quarter and year-to-year variations in revenue, average selling price, gross profit, gross margin, operating profit and net income for both Base Business and Event Business. Event Business contributed approximately 35% and 39% of disposal revenue (excluding transportation and US Ecology Michigan, Inc. revenue) for the years ended December 31, 2012 and 2011, respectively. Base Business represented approximately 65% and 61% of disposal revenue (excluding transportation and US Ecology Michigan, Inc. revenue) for the years ended December 31, 2012 and 2011, respectively. Our strategy is to expand our Base Business while securing both short-term and extended-duration Event Business. When Base Business covers our fixed overhead costs, a significant portion of disposal revenue generated from Event Business is generally realized as operating income and net income. This strategy takes advantage of the favorable operating leverage inherent to the largely fixed-cost nature of the waste disposal business. Contribution margin is influenced by whether the waste is directly disposed ("direct disposal") or requires the application of chemical reagents, absorbents and other additives (variable costs) to treat the waste prior to disposal.

To maximize utilization of our railcar fleet, we occasionally deploy available railcars to transport waste from clean-up sites to disposal facilities operated by other companies. Such transportation services may also be bundled with for-profit logistics and field services support work.

Beatty, Nevada RCRA/TSCA Facility. Our Beatty, Nevada facility, which began receiving hazardous waste in 1970, is located in the Amargosa Desert approximately 120 miles northwest of Las Vegas, Nevada and approximately 30 miles east of Death Valley, California. USEN subleases 80 acres from the State of Nevada located within a 400 acre buffer zone leased by the State of Nevada from the federal government. The Company believes this dedicated buffer zone is a viable location for expansion to accommodate future disposal operations. In April 2007, we renewed our lease with the State of Nevada as a year-to-year periodic tenancy until (i) that area reaches full capacity and can no longer accept waste (estimated life using 2012 volume of 6-7 years); (ii) the lease is terminated by us at our option; or (iii) the State terminates the lease due to our breach of the lease terms. The facility is a hazardous waste treatment, storage and disposal facility permitted under Subtitle C of RCRA and TSCA and is permitted to treat and dispose of RCRA, TSCA and certain NRC-exempt radioactive waste. The facility was the first hazardous waste site in the nation to receive authorization to receive TSCA regulated materials, and remains a national outlet for TSCA regulated waste. The facility provides full RCRA treatment and solidification services for industrial and government customers. The facility also provides chemical oxidation for organic contaminated wastes and oil refinery catalysts, providing a cost-effective alternative to incineration. Certain low-activity radioactive wastes which are exempt from NRC regulation may also be accepted for disposal. The facility is regulated under permits issued by the Nevada Department of Environmental Protection and the USEPA. The State of Nevada assesses disposal fees to fund a dedicated trust account to pay for closure and post-closure costs.

Richland, Washington LLRW Facility. Our Richland, Washington LLRW facility has been in operation since 1965 and is located on 100 acres of land leased by the State of Washington on the U.S. Department of Energy Hanford Reservation approximately 35 miles west of Richland, Washington. USEW subleases this property from the State of Washington. The lease between the State of Washington and the federal government expires in 2063. We renewed our sublease with the State in 2005 for ten years with four ten-year renewal options. The facility is a low-level radioactive waste disposal facility serving the Northwest and Rocky Mountain Compacts. The facility accepts Class A, B, and C commercial low-level radioactive

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waste from within the Northwest and Rocky Mountain Compacts, and NORM/NARM waste including radium sources produced by customers nationwide. The facility is one of only three full-service Class A, B, and C disposal facilities in the nation. The facility's personnel have extensive experience safely managing reactor internals and other high dose rate radioactive waste through the use of shielding and remote handling devices. The facility is licensed by the Washington Department of Health for health and safety purposes. The WUTC sets disposal rates for LLRW. Rates are set at an amount sufficient to cover operating costs and provide us with a reasonable profit. The current rate agreement with the WUTC is effective from January 1, 2008 to January 1, 2014. The WUTC process to establish rates for the succeeding rate period is underway. The State assesses user fees for local economic development, state regulatory agency expenses and a dedicated trust account to pay for long-term care after the facility closes. The State maintains separate dedicated trust funds for future closure and post-closure costs.

Robstown, Texas RCRA Facility. Our Robstown, Texas facility began operations in 1973. It is located on 240 acres owned by the Company approximately 10 miles west of Corpus Christi, Texas. We own 200 acres of adjacent land for future expansion. We also own 174 acres of land five miles from the facility adjacent to a rail line where we have operated a rail transfer station since 2006. The facility is a hazardous waste treatment, storage and disposal facility permitted under Subtitle C of RCRA. The facility is permitted to store PCB waste for off-site shipment and treat and dispose of RCRA, and PCB remediation waste. Specializing in serving the petrochemical industry of the Gulf Coast region, the facility provides stabilization, solidification, chemical oxidation, and waste brokerage services for its industrial and government customers. A low temperature thermal desorption unit was added in 2008 for recycling of petroleum wastes and refinery cracking catalysts. This facility provides a recycling alternative for oil-bearing hazardous waste from petroleum refineries and produces recycled products for energy recovery, re-refining, and metals recovery. The facility also accepts low-concentration NRC-exempt radioactive waste which is also exempted under Texas regulations with concurrence from the Texas Commission on Environmental Quality.

Grand View, Idaho RCRA/TSCA Facility. Our Grand View, Idaho facility was purchased in 2001. It is located on 1,252 acres of Company-owned land approximately 60 miles southeast of Boise, Idaho in the Owyhee Desert. We own an additional 159 acres approximately two miles east of the facility, which is used as a clay source for site operations (liner construction and reagent). We also own 189 acres where our rail transfer station is located approximately 30 miles northeast of the disposal facility. This site has two enclosed rail-to-truck waste transfer facilities located adjacent to the main line of the Union Pacific Railroad. The facility is a hazardous waste treatment, storage and disposal facility permitted under Subtitle C of RCRA and the TSCA. The facility is permitted to treat and dispose of RCRA and TSCA wastes, as well as a wide range of low-activity radioactive wastes and NORM/NARM, Technologically Enhanced NORM (TENORM) and other wastes exempted from federal regulation by the NRC. The facility provides treatment and disposal services to both government and private industry waste generators, and is a major recipient of U.S. Army Corps of Engineers FUSRAP waste. In 2004, the facility's permit was modified to allow receipt of NRC-exempt low activity fission and activation products. In 2008 this list was expanded to include special nuclear materials exempt from NRC regulation. The facility also serves the steel industry and a wide range of broker-served and other hazardous waste producers.

Detroit, Michigan RCRA Facility. Our Detroit, Michigan facility, acquired in 2012, has been serving the mid-western and eastern U.S. industrial markets for nearly 40 years. The facility is located on 6 acres of Company-owned land in a heavily-industrialized section of Detroit, Michigan. The facility is permitted to accept non-hazardous and hazardous materials and to treat non-hazardous solids and non-hazardous waste water regulated under RCRA. The facility is regulated under permits issued by the Michigan Department of Environmental Quality and the Detroit Sewer and Water Department.

Blainville, Québec, Canada Facility ("Stablex"). Our Stablex facility, acquired in October 2010, has been in operation since 1983 and is located approximately 30 miles northwest of Montreal, Québec, Canada. The

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facility owns and operates a treatment facility located on 25 acres adjacent to a 325 acre disposal site that is leased from the Province of Québec. The lease with the Province expires in 2018 and has one five-year renewal term. The facility uses the "Stablex" process to treat and stabilize inorganic hazardous wastes and contaminated soils to produce a non-leachable concrete-like material. We accept a wide range of inorganic wastes and contaminated soils at the facility and specialize in processing hard-to-treat materials, such as cyanides, mercury compounds, strong acids/oxidizers, lab packs, contaminated debris and batteries. The facility is permitted by the Canadian Ministry of Environment and is authorized under the Environmental Quality Act by Order-in-Council for use exclusively for products treated and disposed by Stablex as the lessee. The facility is a truck and rail-served hazardous waste treatment storage and disposal facility. The Province assesses fees to fund a dedicated government trust account to pay for post-closure costs at the disposal site. Stablex is responsible for closing each landfill prior to final closure of the facility. The site is permitted to accept up to 875,000 metric tons (962,500 U.S. tons) over the five-year permit period. Of this amount, up to 350,000 metric tons (385,000 U.S. tons) can be accepted as soil. While there are no specific restrictions on waste soils received from the U.S., non-soil waste received from the U.S. is limited to 350,000 metric tons (385,000 U.S. tons) over the five-year permit period.

Non-Operating Disposal Facilities

Bruneau, Idaho RCRA Site. This remote 83 acre desert site, acquired in conjunction with the Grand View, Idaho disposal operation in 2001, was closed by the prior owner under an approved RCRA plan. Post-closure monitoring is expected to continue for approximately 17 years, or 2029, in accordance with permit and regulatory requirements.

Sheffield, Illinois RCRA Site. We previously operated two hazardous waste disposal areas next to the Sheffield LLRW disposal area. The first opened in 1968 and ceased operations in 1974. The second accepted waste from 1974 through 1983. We expect to perform groundwater remediation and monitoring at the site for approximately 13 more years through 2025.

Winona, Texas Site. From 1980 to 1994, Gibraltar Chemical Resources operated the Winona hazardous waste processing and deep well facility. In 1994, we purchased the facility. Solvent recovery, deep well injection and waste brokering operations were conducted on a nine acre site until 1997 when we ceased operations. We are proceeding under a post-closure order with the State of Texas and expect to perform groundwater remediation and monitoring at the site for approximately 27 more years through 2039. We own a 297 acre buffer zone adjacent to the permitted area.

INDUSTRY

During the 1970s and 1980s, waste services industry growth in the United States was driven by new environmental laws and actions by federal and state agencies to regulate existing hazardous waste management facilities and direct the clean-up of contaminated sites under the federal Superfund law. By the early 1990s, excess hazardous waste management capacity had been constructed by the industry. Over this same period, to better manage risk and reduce expenses, many waste generators instituted industrial process changes and other methods to reduce waste production. Waste volumes shipped for disposal from Superfund and other properties also diminished as contaminated sites were cleaned up. These factors led to highly competitive market conditions that still apply today.

We believe that a baseline demand for hazardous waste services will continue into the future with fluctuations driven by general and industry-specific economic conditions, identification of new clean-up needs, clean-up project schedules, funding availability and other public policy decisions. We further believe that the ability to deliver specialized niche services while aggressively competing for large volume clean-up projects and non-niche commodity business opportunities differentiates successful from less successful companies. We seek to control variable costs, expand service lines, increase waste throughput efficiency, employ innovative treatment techniques, build market share and increase profitability. Past initiatives that have successfully contributed to our increased operating income include, but are not limited to:

acquiring our Grand View, Idaho treatment and disposal facility and rail transfer station in 2001;

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- expanding our radioactive material and hazardous waste permits to manage additional types of waste;
- expanding our rail transportation services and logistical capabilities through a fleet of Company-owned and leased railcars;
- adding track, a second main line switch and constructing a second rail-to-truck transload building in Idaho;
- acquiring property and developing a rail transfer station in Texas;
- constructing new, high-capacity waste treatment and storage buildings in Texas and Nevada;
- expanding our organic chemical waste treatment laboratory in Texas to improve treatment "recipes" and reduce costs at all three of our RCRA facilities;
- establishing a thermal recycling service at our Robstown, Texas site which allows the facility to accept recyclable hydrocarbon-oil-bearing hazardous waste and cracking catalyst from petroleum refining;
- constructing a specialized handling system for packaging thermally treated cracking catalyst at our Robstown, Texas facility in 2011;
- acquiring our Blainville, Québec, Canada treatment and disposal facility and rail transfer station in 2010; and
- acquiring our Detroit, Michigan chemical and industrial byproducts treatment and reuse facility in 2012.

Our Richland, Washington disposal facility, serving the Northwest and Rocky Mountain LLRW Compacts, is one of three operating Compact disposal facilities in the nation. While our Washington disposal facility has substantial unused capacity, it can only accept LLRW from the 11 western states comprising the two Compacts served. The Barnwell, South Carolina site, operated by Energy Solutions, Inc. ("Energy Solutions"), exclusively serves the three-state Atlantic Compact. A third LLRW disposal facility, licensed by Waste Control Specialists, LLC and located near Andrews, Texas serves the two-state Texas Compact and approved out-of-compact generators. Class A LLRW from states outside the Northwest Compact region may also be disposed at a non-compact, commercial disposal site in Clive, Utah, also operated by Energy Solutions.

Pricing at AEA licensed LLRW disposal facilities heightened demand for more cost-effective disposal options for soil, debris, consumer products, industrial wastes and other materials containing LARM, including "mixed wastes," exhibiting both hazardous and radioactive properties. In addition to commercial demand, a substantial amount of LARM is generated by government clean-up projects. The NRC, USEPA and USACE have authorized the use of hazardous waste disposal facilities to dispose of certain LARM, encouraging expansion of this compliant, cost-effective alternative. Our Grand View, Idaho RCRA hazardous waste facility has significantly increased waste throughput based on a series of permit modifications and project-specific approvals allowing expanded LARM acceptance. Our Robstown, Texas and Beatty, Nevada disposal facilities are also permitted to accept LARM on a more limited basis. We believe we are well positioned to continue growing our LARM business based on our:

- longstanding disposal industry reputation and commercial branding dating from the early 1960s;
- environmental conditions and containment designs favoring permanent waste isolation;

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existing permits, including recent modifications allowing additional waste types;

safety and regulatory compliance record;

decades of experience safely handling radioactive materials at multiple facilities;

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high volume waste throughput capabilities, including rail transportation and field services support;

competitive pricing; and

regulatory policies and precedents allowing disposal of LLRW at authorized hazardous waste disposal facilities.

Permits, Licenses and Regulatory Requirements

Obtaining authorization to construct and operate new radioactive or hazardous waste facilities is a lengthy and complex process. We believe we have demonstrated significant expertise in this area over multiple decades. We also believe we possess all permits, licenses and regulatory approvals required to maintain regulatory compliance and operate our facilities and have the specialized expertise required to obtain additional approvals to continue growing our business in the future.

We incur costs and make capital investments to comply with environmental regulations. These regulations require that we operate our facilities in accordance with permit-specific requirements. Our Idaho, Texas and Michigan facilities are also required to provide financial assurance for closure and post-closure obligations should our facilities cease operations. Our Blainville, Québec operation is required to post commercial surety bonds to cover closure obligations. Both human resource and capital investments are required to maintain compliance with these requirements.

United States Hazardous Waste Regulation

Our hazardous, industrial, non-hazardous and radioactive materials business is subject to extensive federal and state environmental, health, safety, and transportation laws, regulations, permits and licenses. Local government controls may also apply. The responsible government regulatory agencies regularly inspect our operations to monitor compliance. They have authority to enforce compliance through the suspension or revocation of operating licenses and permits and the imposition of civil or criminal penalties in case of violations. We believe that these laws and regulations, as well as the specialized services we provide, contribute to demand and create barriers to new competitors entering the markets we serve.

RCRA provides a comprehensive framework for regulating hazardous waste transportation, treatment, storage and disposal. RCRA regulation is the responsibility of the USEPA, which may delegate authority to state agencies. Chemical compounds and residues derived from USEPA-listed industrial processes are subject to RCRA standards unless they are delisted through rulemaking such as the steel mill waste treatment process employed at our Grand View, Idaho facility. RCRA liability may be imposed for improper waste management or failure to take corrective action for releases of hazardous substances. To the extent wastes are recycled or beneficially reused, regulatory controls and permitting requirements under RCRA diminish. LARM and NORM/NARM may also be managed to varying degrees under RCRA permits, as is authorized for our facilities in Grand View, Idaho; Beatty, Nevada; and Robstown, Texas.

CERCLA and its amendments impose strict, joint and several liability on owners or operators of facilities where a release of hazardous substances has occurred, on parties who generated hazardous substances released at such facilities and on parties who arranged for the transportation of hazardous substances. Liability under CERCLA may be imposed if releases of hazardous substances occur at treatment, storage or disposal sites. Since waste generators, transporters and those who arrange transportation are subject to the same liabilities, we believe they are motivated to minimize the number of disposal sites used. In addition, hazardous waste generated during the remediation of CERCLA cleanup projects and transferred offsite must be managed by a treatment and disposal facility authorized by EPA to manage CERCLA waste. Our Grand View, Idaho; Beatty, Nevada; Robstown, Texas; and Detroit, Michigan facilities have this authorization.

TSCA regulates the treatment, storage and disposal of PCBs. U.S. regulation and licensing of PCB wastes is the responsibility of the USEPA. Our Grand View, Idaho and Beatty, Nevada disposal facilities have

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TSCA treatment, storage and disposal permits. Our Robstown, Texas facility has a TSCA storage permit and may dispose of PCB-contaminated waste in limited concentrations not requiring a TSCA disposal permit.

The AEA, as amended, assigns the NRC regulatory authority over receipt, possession, use and transfer of certain radioactive materials, including disposal. The NRC has adopted regulations for licensing commercial LLRW disposal and has delegated regulatory authority to certain states including Washington, where our Richland facility is located. The NRC and U.S. Department of Transportation regulate the transport of radioactive materials. Shippers must comply with both the general requirements for hazardous materials transportation and specific requirements for transporting radioactive materials.

The Energy Policy Act of 2005 amended the AEA to classify discrete (i.e. concentrated versus diffuse) NORM/NARM as byproduct material. The law does not apply to interstate Compacts ratified by Congress pursuant to the LLRW Policy Act.

Canadian Hazardous Waste Regulation

The Canadian federal government regulates issues of national scope where activities cross provincial boundaries and affect Canada's relations with other nations. The Provinces retain control over environmental matters within their boundaries including primary responsibility for regulation and management of hazardous waste.

The main federal laws governing hazardous waste management are the CEPA and the Transportation of Dangerous Goods Act. Environment Canada is the federal agency with responsibility for environmental matters. CEPA charges Environment Canada and Health Canada with the protection of human health and the environment and seeks to control the production, importation and use of substances in Canada and their impact on the environment. The Export and Import of Hazardous Waste Regulations under CEPA govern trans-border movement of hazardous waste and hazardous recyclable materials. These regulations require that anyone proposing to export or import hazardous waste or hazardous recyclable materials or transport them through Canada notify the Minister of the Environment and obtain a permit to do so.

Our Stablex facility operates in the Province of Québec and is subject to the QEQA. This Act, independently developed by the Province, regulates the generation, characterization, transport, treatment and disposal of hazardous wastes. QEQA also provides for the establishment of waste management facilities which are controlled by the provincial statutes and regulations governing releases to air, groundwater and surface water.

Under QEQA, waste can be defined as hazardous based on origin or characteristic in a manner that is very similar to regulations in effect in the United States. A major difference between the United States regulatory regime and that in Canada relates to ownership and liability. Under Canadian federal regulation, ownership changes when waste is transferred to a properly permitted third-party carrier and subsequently to an approved treatment and disposal facility. As a result, the generator is no longer liable for proper handling, treatment or disposal. In the United States, joint and several liability is retained by the waste generator as well as the transporter and the treatment and disposal facility.

Waste transporters require a permit to operate under Québec's regulations and are also subject to the requirements of the Federal Transportation of Dangerous Goods law which requires reporting of quantities and disposition of materials shipped.

Insurance, Financial Assurance and Risk Management

We carry a broad range of insurance coverage, including general liability, automobile liability, real and personal property, workers compensation, directors and officers liability, environmental impairment liability and other coverage customary to the industry. We do not expect the impact of any known casualty.

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property, environmental or other contingency to be material to our financial condition, results of operations or cash flows.

As noted above, applicable regulations require financial assurance to cover the cost of final closure and post-closure obligations at certain of our operating and non-operating disposal facilities. Acceptable forms of financial assurance include third-party standby letters of credit, surety bonds and insurance. Alternatively, we may be required to collect fees from waste generators to fund dedicated, state-controlled escrow or trust accounts during the operating life of the facility. Through December 31, 2012, we have met our financial assurance requirements through insurance, surety bonds, standby letters of credit and self-funded restricted trusts.

Insurance policies covering U.S. closure and post-closure obligations expire in December 2013. We are required by our insurer to maintain collateral at agreed upon levels to support our aggregate financial assurance insurance policies for our operating sites through the policy term. While we expect to timely renew these policies as we have in the past, if we are unable to obtain adequate closure, post-closure or environmental insurance, any partial or completely uninsured claim against us, if successful, could have a material adverse effect on our financial condition, results of operations and cash flows. Failure to maintain adequate financial assurance could also result in regulatory action including early closure of facilities. For our non-operating facilities, we established an interest bearing trust account to guarantee our post-closure liability, subject to regulatory approval. As of December 31, 2012, we have provided collateral of \$4.1 million in funded trust agreements, issued \$4.0 million in letters of credit for financial assurance and have insurance policies of approximately \$43.0 million for closure and post-closure obligations. Financial assurance, premium and collateral cost requirements increases have an adverse impact on our results of operations.

We maintain a surety bond for closure costs associated with the Stablex facility. Our lease agreement with the Province of Québec requires that the surety bond be maintained for 25 years after the lease expires. At December 31, 2012 we had \$897,000 in commercial surety bonds dedicated for closure obligations.

Primary casualty insurance programs generally do not cover accidental environmental contamination losses. To provide insurance protection for potential claims, we maintain pollution legal liability insurance and professional environmental consultant's liability insurance for non-nuclear occurrences. For nuclear liability coverage, we maintain Facility Form and Workers' Form nuclear liability insurance provided under the federal Price Anderson Act. This insurance covers the operations of our facilities, suppliers and transporters. We purchase primary property, casualty and excess liability policies through traditional third-party insurance carriers.

Significant Customers

We dispose of LARM and hazardous waste under a contract with the USACE. We also arrange transportation of waste to our disposal facilities for both government and industry customers which contributes significant revenue. USACE accounted for 6%, 7% and 17% of our revenue in 2012, 2011 and 2010, respectively. No other customer accounted for more than 10% of our revenue for 2012, 2011 or 2010.

Markets

Disposal Services. Waste containing heavy metals or hazardous waste that does not require treatment prior to disposal is generally subject to highly competitive pricing. These commoditized services are also sensitive to transportation distance and related costs. Waste transported by rail is typically less expensive, on a per-mile basis, than waste transported by truck. Hazardous waste containing organic chemical compounds or mercury and LARM are less commoditized services.

Our Robstown, Texas facility is well positioned to serve refineries, chemical production plants and other industries concentrated near the Texas Gulf coast. The facility also accepts certain NORM and LARM. In

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2006, we constructed a rail transfer station approximately five miles from this facility that extends the facility's geographic reach. In 2007, our Texas facility expanded its laboratory to include analysis of organic chemical compounds, which are contained in many of the wastes produced by customers. In June 2008, we began operating a high-throughput thermal desorption unit at the facility which allows us to accept recyclable, hydrocarbon-based materials.

Our Beatty, Nevada facility primarily competes for business in California, Arizona, Utah and Nevada. Due to the site's superior geologic and climate conditions in the Amargosa Desert, the Beatty, Nevada facility also competes for wastes from more distant locations. The Beatty, Nevada facility competes over a larger geographic area for PCB waste due to the more limited number of TSCA disposal facilities nationwide. The facility also accepts small amounts of NORM.

Our Grand View, Idaho facility accepts waste from across the U.S. and, on a more limited basis, Canada shipped through our rail transfer station located adjacent to a main east-west rail line. Waste throughput has been significantly enhanced by rail track expansions in 2006, 2008 and 2011 and the construction of a second rail-to-truck indoor transfer building in 2006. The Grand View facility's primary markets are RCRA, LARM and mixed waste clean-up projects, and brokered waste. Permit modifications have expanded LARM services. The infrastructure at our Grand View, Idaho facility is capable of handling large volumes of waste from large clean-up projects. For example, between 2005 and 2009 the facility disposed of approximately 1.3 million tons of waste shipped from a Honeywell project in Jersey City, New Jersey. We also accept significant volumes from the USACE. In 2010, we entered into a new contract with the USACE, on essentially the same terms and conditions as the previous contract, which expires in 2013. The USACE may extend the contract to 2015 at their sole option. Multi-year USACE projects initiated before the expiration date may continue for five years beyond 2013, or 2015 if the option term is exercised under the same terms. Based on public statements, we believe that the USACE expects to contract for disposal of FUSRAP wastes through approximately 2033.

To meet USEPA land disposal restrictions ("LDRs"), waste stabilization, encapsulation, chemical oxidation and other treatment technologies are used at our Grand View, Idaho; Beatty, Nevada; and Robstown, Texas facilities. These capabilities allow all three sites to manage a much broader spectrum of wastes than if LDR treatment was not offered. Our Robstown, Texas facility also offers thermal desorption treatment and recycling services.

Our Blainville, Québec, Canada facility, Stablex, primarily accepts waste from the Eastern Canadian and Northeastern U.S. industrial markets. The Stablex facility accepts inorganic and certain organic hazardous waste in liquid, semi-solid (sludge) or solid form and treats the waste using a cementitious stabilization process to immobilize the hazardous constituents rendering the homogenized waste product non-hazardous in accordance with Québec treatment regulations. The waste is then disposed in a secure disposal cell. Stablex accepts waste delivered by truck or by rail.

Our Richland, Washington facility serves LLRW producers in the eight states of the Northwest Compact. The three Rocky Mountain Compact states may also use our facility. Since we are a designated monopoly LLRW service provider in the Northwest Compact, the State of Washington approves our disposal rates. Since NORM/NARM is not subject to Compact restrictions, we may accept this waste from all 50 states. Rate regulation does not apply to NORM/NARM pricing since monopoly conditions do not apply.

Our Detroit, Michigan facility primarily competes for business in the Midwestern U.S. and Ontario, Canada markets. The facility also competes for certain high concentration liquid caustic acid wastes in the Northeastern and Southeastern United States. The primary industries served include automotive and related suppliers and other industrial facilities.

Geographical Information. For the year ended December 31, 2012, we derived \$130.9 million or 77% of our revenue in the United States and \$38.2 million or 23% of our revenue in Canada. For the year ended December 31, 2011, we derived \$118.4 million or 76% of our revenue in the United States and

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\$36.5 million or 24% of our revenue in Canada. For the year ended December 31, 2010, we derived \$99.1 million or 95% of our revenue in the United States and \$5.7 million or 5% of our revenue in Canada.

Competition

We compete with large and small companies in each of the commercial markets we serve. While niche services apply, the radioactive, hazardous and non-hazardous industrial waste management industry is generally very competitive. We believe that our primary hazardous waste and PCB disposal competitors are Clean Harbors, Inc.; The Environmental Quality Company; Heritage Environmental; Waste Control Specialists, LLC; and Waste Management, Inc. We believe that our primary radioactive material disposal competitors are Energy Solutions, Inc. and Waste Control Specialists, LLC. The principal competitive factors applicable to both of these business areas are:

price;

specialized permits and "niche" service offerings;

customer service;

operational efficiency and technical expertise;

regulatory compliance and worker safety;

industry reputation and brand name recognition;

transportation distance; and

State or Province and local community support.

We believe that we are competitive in all markets we serve and that we offer a unique mix of services, including niche technologies and services that favorably distinguish us from competitors. We also believe that our strong brand name recognition from six decades of experience, compliance and safety record, customer service reputation and positive relations with regulators and local communities enhance our competitive position. Advantages exist for competitors that have technology, permits or equipment to handle a broader range of waste, that operate in jurisdictions imposing lower disposal fees and/or are located closer to where wastes are generated.

We do not compete with companies seeking federal government contracts to manage or operate radioactive waste treatment and disposal facilities owned by the U.S. Department of Energy ("USDOE"). We accept minor amounts of remediation waste from USDOE facilities at our disposal facilities from time to time; however, this is not a material part of our business.

Seasonal Effects

Seasonal fluctuations due to weather and budgetary cycles can influence the timing of customer spending for our services. Typically, in the first quarter of each calendar year there is less demand for Event Business due to reduced construction activities related to weather. While large, multi-year clean-up projects may continue in winter months, the pace of waste shipments may be slower, or stop temporarily, due to weather. Market conditions and federal funding decisions generally have a greater influence on the business than seasonality.

Personnel

On December 31, 2012, we had 425 employees, of which 11 were members of the Paper, Allied-Industrial Chemical & Energy Workers International Union, AFL-CIO and CLC (PACE) at our Richland, Washington facility and 97 were members of the Communications, Energy

and Paperworkers Union of Canada at our Blainville, Québec, Canada facility.

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The following table sets forth the names, ages and titles, as well as a brief account of the business experience of each person who is an executive officer of US Ecology:

Name	Age	Title
Jeffrey R. Feeler	43	President and Chief Operating Officer
Simon G. Bell	42	Vice President of Operations
John M. Cooper	58	Vice President and Chief Information Officer
Eric L. Gerratt	42	Vice President, Chief Financial Officer, Treasurer and Chief Accounting Officer
Steven D. Welling	54	Senior Vice President, Sales and Marketing

Jeffrey R. Feeler was appointed President and Chief Operating Officer in October 2012. Mr. Feeler previously served as the Company's Vice President and Chief Financial Officer from May 2007 to October 2012. He joined US Ecology in 2006 as Vice President, Controller, Chief Accounting Officer, Treasurer and Secretary. He previously held financial and accounting management positions with MWI Veterinary Supply, Inc. (2005-2006), Albertson's, Inc. (2003-2005) and Hewlett-Packard Company (2002-2003). From 1993 to 2002, he held various accounting and auditing positions for PricewaterhouseCoopers LLP. Mr. Feeler is a Certified Public Accountant and holds a BBA of Accounting and a BBA of Finance from Boise State University.

Simon G. Bell was appointed Vice President of Operations in August of 2007 and is responsible for managing both operating and closed facilities. From 2005 to August 2007, he was Vice President of Hazardous Waste Operations. From 2002 to 2005, he was our Idaho facility General Manager and Environmental Manager. His 20 years of industry experience includes service as general manager of a competitor disposal facility and mining industry experience in Idaho, Nevada and South Dakota. He holds a BS in Geology from Colorado State University.

John M. Cooper joined us in July 2002 and is Vice President and Chief Information Officer. Previously, he served as Vice President, Information Systems for BMC West Corporation and was Director of Business Development for the High Tech Industry at Oracle Corporation. Mr. Cooper offers more than 20 years of computer industry experience. He holds a BS in Physics from Utah State University.

Eric L. Gerratt was appointed Vice President, Chief Financial Officer, Treasurer and Chief Accounting Officer in October 2012. He joined US Ecology in August 2007 as Vice President and Controller. He previously held various financial and accounting management positions at SUPERVALU, Inc. (2006-2007) and Albertson's, Inc. (2003-2006). From 1997 to 2003, he held various accounting and auditing positions for PricewaterhouseCoopers LLP. Mr. Gerratt is a Certified Public Accountant and holds a BS in Accounting from the University of Idaho.

Steven D. Welling was appointed Senior Vice President, Sales and Marketing in January 2010. He joined US Ecology in 2001 through the EnviroSAFE Services of Idaho (now US Ecology Idaho) acquisition. He previously served as National Accounts Manager for EnviroSAFE Technologies and Western Sales Manager for EnviroSAFE Services of Idaho and before that managed new market development and sales for a national bulk chemical transportation company. Mr. Welling holds a BS from California State University-Stanislaus.

Item 1A. Risk Factors

In addition to the factors discussed elsewhere in this Form 10-K, the following are important factors which could cause actual results or events to differ materially from those contained in any forward-looking statements made by or on behalf of us.

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A significant portion of our business depends upon non-recurring event clean-up projects over which we have no control.

A significant portion of our disposal revenue is attributable to discrete Event Business which varies widely in size, duration and unit pricing. For the year ended December 31, 2012, approximately 35% of our treatment and disposal revenue (excluding US Ecology Michigan, Inc.) was derived from Event Business projects. The one-time nature of Event Business necessarily creates variability in revenue and earnings. This variability is further influenced by service mix, general and industry-specific economic conditions, funding availability, changes in laws and regulations, government enforcement actions, public controversies, litigation, weather, property redevelopment plans and other factors. As a result of this variability, we can experience significant quarter-to-quarter and year-to-year volatility in revenue, gross profit, gross margin, operating income and net income. Also, while many large project opportunities are identifiable years in advance, both large and small project opportunities also routinely arise with little prior notice. This uncertainty, which is inherent to the hazardous and radioactive waste disposal industry, is factored into our budgeting and externally communicated business projections. Our projections combine historical experience with identified sales pipeline opportunities and planned initiatives for new or expanded service lines. A reduction in the number and size of new clean-up projects won to replace completed work could have a material adverse effect on our financial condition and results of operations.

The completion of, loss of or failure to renew one or more significant contracts could adversely affect our profitability.

We provide disposal and transportation services to customers on discrete Event Business (non-recurring project based work) which varies widely in size, duration and unit pricing. Some of these multi-year projects can account for a significant portion of our revenue and profit. However, the replacement of 2012 Event Business revenue and earnings depends on multiple factors, many of which are outside of our control including, but not limited to, general and industry-specific economic conditions, capital in the commercial credit markets, general level of government funding on environmental matters, real estate development and other industrial investment opportunities. Our inability to replace the contribution from 2012 Event Business projects with new business could result in a material adverse effect on our financial condition and results of operations.

We also have a multi-year contract with USACE, expiring in 2013. The USACE may extend the contract to 2015 at their sole option. USACE accounted for approximately 6% of our total revenue for the year ended December 31, 2012. This multi-year contract does not, however, guarantee future work or volumes. Reduced appropriations for the USACE and/or other government clean-up work, a reduction in project-specific task orders, and/or the loss of or failure to renew this or other large contracts and task orders combined with failure to replace their contribution with new projects could result in a material adverse effect on our business. Annual FUSRAP funding has remained generally constant ranging from \$109.0 million to \$140.0 million each fiscal year over the last several years but is at risk for future funding cuts. In February 2012, President Obama released the proposed fiscal 2013 budget reflecting FUSRAP funding at \$104.0 million. There can be no assurance that the USACE will contract for disposal services for the estimated duration of the FUSRAP through 2033 or beyond.

If we are unable to obtain regulatory approvals and contracts for construction of additional disposal space by the time our current disposal capacity is exhausted, our business would be adversely affected.

Construction of new disposal capacity at our operating disposal facilities beyond currently permitted capacity requires state and provincial regulatory agency approvals. Administrative processes for such approval reviews vary. The State of Texas, which regulates our Robstown facility, provides for an adjudicatory hearing process administered by a hearing officer appointed by the State. There can be no assurance that we will be successful in obtaining future expansion approvals in a timely manner or at all. If we are not successful in receiving these approvals, our disposal capacity could eventually be exhausted,

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preventing us from accepting additional waste at an affected facility. This would have a material adverse effect on our business.

If we are unable to renew our operating permits or lease agreements with regulatory bodies, our business would be adversely affected.

Our facilities operate using permits and licenses issued by various regulatory bodies at various state, provincial and federal government levels. In addition, three of our facilities operate on land leased from government agencies. Failure to renew our permits and licenses necessary to operate our facilities or failure to renew or maintain compliance with our site lease agreements would have a material adverse effect on our business. There can be no assurance we will continue to be successful in obtaining timely permit applications approval, maintaining compliance with our lease agreements and obtaining timely lease renewals.

Loss of key management or sales personnel could harm our business.

We have an experienced management team including general managers at our operating facilities and rely on the continued service of these senior managers to achieve our objectives. We also have a senior sales team with industry experience averaging more than 15 years. Our objective is to retain our present management and sales teams and identify, hire, train, motivate and retain other highly skilled personnel. The loss of any key management employee or sales personnel could adversely affect our business and results of operations.

If we fail to comply with applicable laws and regulations our business could be adversely affected.

The changing regulatory framework governing our business creates significant risks. We could be held liable if our operations cause contamination of air, groundwater or soil or expose our employees or the public to contamination. Under current law, we may be held liable for damage caused by conditions that existed before we acquired the assets or operations involved. Also, we may be liable if we arrange for the transportation, disposal or treatment of hazardous substances that cause environmental contamination at facilities operated by others, or if a predecessor made such arrangements and we are a successor. Liability for environmental damage could have a material adverse effect on our financial condition, results of operations and cash flows.

Stringent regulations of federal, state or provincial governments have a substantial impact on our business. Local government controls may also apply. Many complex laws, rules, orders and regulatory interpretations govern environmental protection, health, safety, noise, visual impact, odor, land use, zoning, transportation and related matters. Failure to obtain on a timely basis or comply with applicable federal, state, provincial and local governmental regulations, licenses, permits or approvals for our waste treatment and disposal facilities could prevent or restrict our ability to provide certain services, resulting in a potentially significant loss of revenue and earnings. Changes in environmental regulations may require us to make significant capital or other expenditures, or limit operations. Changes in laws or regulations or changes in the enforcement or interpretation of existing laws, regulations or permitted activities may require us to modify existing operating licenses or permits, or obtain additional approvals or limit operations. New governmental requirements that raise compliance standards or require changes in operating practices or technology may impose significant costs and/or limit operations.

Our revenue is primarily generated as a result of requirements imposed on our customers under federal, state, and provincial laws and regulations to protect public health and the environment. If requirements to comply with laws and regulations governing management of PCB, hazardous or radioactive waste were relaxed or less vigorously enforced, demand for our services could materially decrease and our revenues and earnings could be significantly reduced.

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Our financial results could be adversely affected by foreign exchange fluctuations.

We operate in the United States and Canada but report revenue, costs and earnings in U.S. dollars. Exchange rates between the U.S. dollar and the Canadian dollar are likely to fluctuate from period to period. Because our financial results are reported in U.S. dollars, we are subject to the risk of translation losses for reporting purposes. If we continue to expand our international operations, we will conduct more transactions in currencies other than the U.S. dollar. To the extent that foreign revenue and expense transactions are not denominated in the local currency, we are further subject to the risk of transaction losses. We have not entered into derivative instruments to offset the impact of foreign exchange fluctuations. Fluctuations in foreign currency exchange rates could have a material adverse effect on our financial condition and results of operations.

If we are unable to obtain at a reasonable cost or under reasonable terms and conditions the necessary levels of insurance and financial assurances required for operations, our business and results of operations would be adversely affected.

We are required by law, license, permit and prudence to maintain various insurance instruments and financial assurances. We carry a broad range of insurance coverages that we believe are customary for a company of our size in our business. We obtain these coverages to mitigate risk of loss, allowing us to manage our self-insured exposure from potential claims. We are self-insured for employee health-care coverage. Stop-loss insurance is carried covering liability on claims in excess of \$150,000 per individual or on an aggregate basis for the monthly population. Accrued costs related to the self-insured health care coverage were \$483,000 and \$212,000 at December 31, 2012 and 2011, respectively. We also maintain a Pollution and Remediation Legal Liability Policy pursuant to RCRA regulations subject to a \$250,000 self-insured retention. In addition, we are insured for consultant's environmental liability subject to a \$100,000 self-insured retention. We are also insured for losses or damage to third party property or people subject to a \$50,000 self-insured retention. If our insurers were unable to meet their obligations, or our own obligations for claims were more than expected, there could be a material adverse effect to our financial condition and results of operation.

Through December 31, 2012, we have met our financial assurance requirements through a combination of insurance policies, commercial surety bonds and trust funds. Our insurance policies covering closure and post-closure activities expire in December 2013 for our U.S. operating facilities. We continue to use self-funded trust accounts for our post-closure obligations at our U.S. non-operating sites. We use commercial surety bonds for our Canadian operation that expire in November 2013. We currently have in place all financial assurance instruments necessary for our operations. While we expect to continue renewing these policies and surety bonds, if we were unable to obtain adequate closure, post-closure or environmental insurance, bonds or other instruments in the future, any partially or completely uninsured claim against us, if successful and of sufficient magnitude, could have a material adverse effect on our results of operations and cash flows. Additionally, continued access to casualty and pollution legal liability insurance with sufficient limits, at acceptable terms, is important to obtaining new business. Failure to maintain adequate financial assurance could also result in regulatory action including early closure of facilities. As of December 31, 2012, we have \$4.1 million in funded trust agreements for post closure obligations at our non-operating properties. We have provided our insurance provider a \$4.0 million letter of credit through our primary bank as collateral for our financial assurance insurance policies that have a limit of \$43.0 million for closure and post-closure obligations at our U.S. operating facilities. We have \$897,000 in commercial surety bonds dedicated for closure obligations at our Canadian operating facility. While we believe we will be able to maintain the requisite financial assurance policies at a reasonable cost, premium and collateral requirements may materially increase. Such increases could have a material adverse effect on our financial condition and results of operations.

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A change or deterioration in labor relations could disrupt our business or increase costs, which could have a material adverse effect on our business, financial condition and results of operations.

The Company is a party to two collective bargaining agreements covering 108, or approximately 25%, of our employees. On December 31, 2011, the agreement covering 97 of our employees at our Blainville, Québec, Canada facility expired. While renewal negotiations are ongoing, there can be no assurance that we will be able to negotiate the terms of expired or expiring agreements in a manner acceptable to the Company. In this event, potential work disruptions may adversely affect our financial condition and results of operations.

Failure to perform under our contracts may adversely harm our business.

Certain contracts require us to meet specified performance criteria. Our ability to meet these criteria requires that we expend significant resources. If we or our subcontractors are unable to perform as required, we could be subject to substantial monetary penalties and/or loss of the affected contracts which may adversely affect our business.

Failure to realize the anticipated benefits and operational performance of acquired operations could lead to an impairment of goodwill or other intangible assets.

We are required to test goodwill and intangible assets with indefinite useful lives at least annually to determine if impairment has occurred. The testing of goodwill and other intangible assets for impairment requires us to make significant estimates about future performance and cash flows, as well as other assumptions. These estimates can be affected by numerous factors, including potential changes in economic, industry or market conditions, changes in business operations, changes in competition or changes in our stock price and market capitalization. Changes in these factors, or changes in actual performance compared with estimates of our future performance, may affect the fair value of goodwill or other intangible assets, which may result in an impairment charge. As a result of acquisitions in 2010 and 2012, we have goodwill of \$23.1 million and net intangible assets of \$40.8 million at December 31, 2012 that must be assessed at least annually for impairment.

We cannot accurately predict the amount and timing of any impairment of assets. Should the value of goodwill or other intangible assets become impaired, our financial condition and results of operations could be adversely impacted.

Adverse economic conditions, government funding or competitive pressures affecting our customers could harm our business.

We serve oil refineries, chemical production plants, steel mills, electric utilities, real estate developers, waste brokers/aggregators serving small manufacturers and other industrial customers that are, or may be, affected by changing economic conditions and competition. These customers may be significantly impacted by deterioration in the general economy and may curtail waste production and/or delay spending on plant maintenance, waste clean-up projects and other discretionary work. Spending by government customers may also be reduced due to declining tax revenues that may result from a general deterioration in economic conditions or other federal or state fiscal policy. Factors that can impact general economic conditions and the level of spending by customers include the general level of consumer and industrial spending, increases in fuel and energy costs, residential and commercial real estate and mortgage market conditions, labor and healthcare costs, access to credit, consumer confidence and other macroeconomic factors affecting spending behavior. Market forces may also compel customers to cease or reduce operations, declare bankruptcy, liquidate or relocate to other countries, any of which could adversely affect our business.

Our operations are significantly affected by the commencement and completion of large and small clean-up projects; potential seasonal fluctuations due to weather; budgetary decisions and cash flow

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limitations influencing the timing of customer spending for remedial activities; the timing of regulatory agency decisions and judicial proceedings; changes in government regulations and enforcement policies and other factors that may delay or cause the cancellation of clean-up projects. We do not control such factors, which can cause our revenue and income to vary significantly from quarter to quarter and year to year.

Our market is highly competitive. Failure to compete successfully could have a material adverse effect on our business, financial condition and results of operations.

We face competition from companies with greater resources, closer geographic proximity, service offerings we do not provide and lower pricing in certain instances. An increase in the number or location of commercial treatment or disposal facilities for hazardous or radioactive waste, significant expansion of existing competitor permitted capabilities, increased industry consolidation by our competitors or a decrease in the treatment or disposal fees charged by competitors could materially and adversely affect our results of operations. Our business is also heavily affected by waste disposal fees imposed by government agencies. These fees, which vary from state to state and are periodically adjusted, may adversely impact the competitive environment in which we conduct our business.

Our business requires the handling of dangerous substances. Improper handling of such substances could result in an adverse impact on our financial condition and results of operations.

We are subject to unexpected occurrences related, or unrelated, to the routine handling of dangerous substances. A fire or other incident could impair the ability of one or more facilities to continue to perform normal operations. This could have a material adverse impact on our financial condition and results of operations. Improper handling of these substances could also violate laws and regulations resulting in fines and/or suspension of operations.

We may not be able to obtain timely or cost effective transportation services which could adversely affect our profitability.

Revenue at each of our facilities is subject to potential risks from disruptions in rail or truck transportation services relied upon to deliver waste to our facilities. Increases in fuel costs and unforeseen events such as labor disputes, public health pandemics, natural disasters and other acts of God, war or terror could prevent or delay shipments and reduce both volumes and revenue. Our rail transportation service agreements with our customers generally allow us to pass on fuel surcharges assessed by the railroads. This may decrease or eliminate our exposure to fuel cost increases. Transportation services may be limited by economic conditions, including increased demand for rail or trucking services, resulting in periods of slower service to the point that individual customer needs cannot be met. No assurance can be given that we can procure transportation services in a timely manner at competitive rates or pass through fuel cost increases in all cases. Such factors could also limit our ability to achieve revenue and earnings objectives.

We are subject to risks associated with operating in a foreign country.

On October 31, 2010, we acquired Stablex. Stablex is based in Québec, Canada and uses the Canadian dollar as its functional currency. International operations are subject to risks that may have material adverse effects on our financial condition and results of operations. The risks that our international operations are subject to include, among other things:

difficulties and costs relating to staffing and managing foreign operations;

foreign labor union relations;

fluctuations in the value of the Canadian dollar;

repatriation of cash from Stablex to the United States;

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imposition of additional taxes on our foreign income; and

unexpected regulatory, economic and public policy changes.

The hazardous and radioactive waste industries in which we operate are subject to litigation risk.

The handling of radioactive, PCBs and hazardous material subjects us to potential liability claims by employees, contractors, property owners, neighbors and others. There can be no assurance that our existing liability insurance is adequate to cover claims asserted against us or that we will be able to maintain adequate insurance in the future. Adverse rulings in legal matters could also have a material adverse effect on our financial condition and results of operations.

Our levels of outstanding debt and letters of credit could adversely affect our financial condition and ability to fulfill our obligations under our Credit Agreements.

As of December 31, 2012, we had \$45.0 million of borrowings and \$4.0 million issued in letters of credit on our \$95.0 million revolving line of credit agreement (the "Credit Agreement") with Wells Fargo National Association ("Wells Fargo"). This level of outstanding debt and letters of credit may:

adversely impact our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or to continue paying dividends to our stockholders;

require us to dedicate a substantial portion of our cash flow to the payment of interest on our debt and fees on our letters of credit, which reduces the availability of our cash flow to fund working capital, capital expenditures, acquisitions, dividends or other general corporate purposes;

subject us to the risk of increased sensitivity to interest rate increases based upon variable interest rates; and

limit our ability to adjust to rapidly changing market conditions, reduce our ability to withstand competitive pressures and make us more vulnerable to a downturn in general economic conditions of our business than competitors with less debt.

If we are unable to generate sufficient cash flow from operations in the future to service our debt and letter of credit fee obligations, we may be required to refinance all or a portion of our existing debt and letter of credit facilities, or to obtain new or additional facilities. We may not be able to obtain such new or additional facilities on favorable terms or at all.

Servicing our debt, including any revolving loans and capital leases, and paying our letter of credit fee obligations will require a significant amount of cash, and our ability to generate cash depends on many factors beyond our control.

Our ability to make scheduled payments of principal or interest with respect to borrowings under our Credit Agreement and to pay fee obligations under our letters of credit will depend on our ability to generate cash from future operations. Our ability to generate cash depends on, among other factors, the demand for our services, which is subject to general and industry-specific market conditions, changes in government environmental regulation, and financial, competitive, regulatory and other factors affecting our operations, many of which are beyond our control. Our operations may not generate sufficient cash flow in an amount necessary to enable us to pay our debt and the fee obligations arising from our letters of credit, or to fund our other liquidity needs.

We may not be able or willing to pay future dividends.

Our ability to pay dividends is subject to our future financial condition and certain conditions such as continued compliance with bank covenants contained in our Credit Agreement. Our Board of Directors must also approve any dividends at their sole discretion. Pursuant to our Credit Agreement, we may only

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declare and pay quarterly or annual dividends if on the date of declaration no event of default has occurred, no other event or condition that upon notice or continuation would constitute a default, and payment of the dividend will not result in a default. Unforeseen events or situations could cause non-compliance with these bank covenants, or cause the Board of Directors to discontinue or reduce the amount of any future dividend payment.

We may not be able to effectively adopt or adapt to new or improved technologies.

We expect to continue implementing new or improved technologies at our facilities to meet customer service demands and facilitate growth in our business. If we are unable to identify and implement new technologies in response to market conditions and customer requirements in a timely, cost effective manner, our financial condition and results of operations could be adversely impacted.

If we are unable to successfully complete the integration of US Ecology Michigan, Inc. or future acquisitions into our business and achieve anticipated synergies in the expected time frame, our future results could be adversely affected.

Acquisitions involve multiple risks. Our inability to successfully integrate the operations of an acquired business into our operations could have a material adverse effect on our business. These risks include but are not limited to:

changing market conditions;

increased competition;

inability to expand existing regulatory permits;

the need to spend substantial operational, financial and management resources integrating new businesses, technologies and processes and related difficulties integrating them into operations, personnel or systems;

retention of key personnel and customers;

impairments of goodwill and other intangible assets; and

environmental and other liabilities associated with past operations.

We acquired US Ecology Michigan, Inc. on May 31, 2012. As part of the acquisition we recorded at fair value \$1.3 million of goodwill and \$1.9 million of identifiable intangible assets. Our integration of US Ecology Michigan, Inc.'s operations into our operations has required and will continue to require implementation of appropriate operations, management and financial reporting systems and controls. The integration of US Ecology Michigan, Inc. has required and will continue to require the focused attention of our management teams, including a significant commitment of time and resources. The success of the acquisition will depend, in part, on the combined company's ability to realize the anticipated benefits from combining the respective businesses and operations of US Ecology, Inc. and US Ecology Michigan, Inc. through greater efficiencies, increased utilization of support facilities and the adoption of mutual best practices. To realize these anticipated benefits, however, the business and operations of US Ecology, Inc. and US Ecology Michigan, Inc. must continue to be successfully combined.

If we are not able to achieve these objectives, the anticipated benefits of the acquisition may not be realized fully or at all or may take longer to realize than expected. It is possible that the integration process could result in the loss of key employees, the disruption of our ongoing business, failure to implement the business plan for the combined businesses, unanticipated issues in integrating services offerings, logistics information, communications and other systems or other unanticipated issues, expenses and liabilities, any or all of which could adversely affect our ability to maintain relationships with customers and employees to achieve the anticipated benefits of the acquisition. It is possible that failure to realize the anticipated

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benefits and operational performance of US Ecology Michigan, Inc. could lead to an impairment of goodwill or other intangible assets and such impairment may be material to our financial condition or results of operations.

Our financial condition and results of operations could be materially affected by changes in accounting standards.

Accounting principles generally accepted in the United States of America ("accounting standards") and interpretations by various governing bodies, including the SEC, for many aspects of our business, such as accounting for asset retirement obligations, goodwill and intangible assets, income taxes and share-based compensation, are complex and involve subjective judgments. Changes in these rules or their interpretation may significantly change or add significant volatility to our reported earnings without a comparable underlying change in cash flow from operations. As a result, changes in accounting standards could materially impact our financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following table describes our non-disposal related properties and facilities at December 31, 2012 owned or leased by us.

Location	Segment	Function	Size	Own/Lease
Boise, Idaho	Corporate	Corporate office	14,037 sq. ft.	Lease
Elmore County, Idaho	Operating Disposal	Rail transfer	189 acres	Own
	Facility	station		
Robstown, Texas	Operating Disposal	Rail transfer	174 acres	Own
Bruneau, Idaho	Facility	Former disposal	83 acres	Own
	Non-Operating Disposal	facility		
Sheffield, Illinois	Facility	Former disposal	374 acres	Own
Winona, Texas	Non-Operating Disposal	Former disposal	297 acres	Own
	Facility	facility		

The following table describes our treatment and disposal properties owned or leased by us, total acreage owned or controlled by us at the facility, estimated amount of permitted airspace available at each facility, the estimated amount of non-permitted airspace and the estimated life at each facility. We believe that our existing properties are in good condition and are suitable for the conduct of our business. All estimates are as of December 31, 2012.

Location	Own/Lease	Total Acreage	Permitted Airspace (Cubic Yards)	Non-Permitted Airspace (Cubic Yards)	Estimated Life (in years)
Beatty, Nevada	Lease	80	974,120		6
Richland, Washington(1)	Sublease	100	654,857		43
Robstown, Texas	Own	440	2,010,488		9
Grand View, Idaho	Own	1,411	10,890,258	18,100,000	88
Detroit, Michigan	Own	6	n/a	n/a	n/a
Blainville, Quebec, Canada(2)	Own/Lease	350	7,252,474		28

(1) The Richland, Washington facility is on land subleased from the State of Washington. Our sublease has four years remaining on the base term with four ten-year renewal options, giving us control of the property until the year 2055 provided that we meet our obligations and operate in a compliant manner. The facility's intended operating life is equal to the period of the sublease.

(2) The treatment processing facility at our Blainville, Québec facility in Canada is on owned land. The disposal site which is adjacent to the owned treatment processing facility is leased from the Province of Québec with a term through 2018 and one five-year renewal option.

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Item 3. Legal Proceedings

In the ordinary course of conducting business, we are involved in judicial and administrative proceedings involving federal, state or local governmental authorities, including regulatory agencies that oversee our permits and compliance with those permits. Fines or penalties may be assessed by our regulators as a result of review or inspection of our operating practices. Actions may also be brought by individuals or groups in connection with permitting of planned facilities, alleged violations of existing permits, or alleged damages suffered from exposure to hazardous substances purportedly released from our operated 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 and administrative matters, or fees expected to be incurred in connection therewith. We are not currently a party to any material pending legal proceedings and, other than the matter discussed below, are not aware of any other claims that could have a materially adverse effect on our financial position, results of operations or cash flows.

In April 2012, we received a confidential settlement communication from the United States Environment Protection Agency ("U.S. EPA") alleging that the thermal recycling operation at our Robstown, Texas facility did not comply with certain rules and regulations of the Resource Conservation and Recovery Act of 1976 ("RCRA"). The communication included a draft Consent Agreement and Final Order ("CAFO") directed to the Company and the thermal recycling unit's owner-operator. The CAFO asserted various technical compliance and permitting violations and proposed corrective actions to resolve the matter as well as proposed monetary penalties against both the Company and the thermal recycling unit's owner-operator. In October 2012, the Company and the thermal recycling unit's owner-operator entered into a final CAFO with the U.S. EPA. As part of the settlement, we agreed to pay a civil penalty of \$166,000 and to submit an application to the State of Texas for a RCRA Subpart X permit. The Company and the thermal recycling unit's owner-operating also agreed to a set of interim operating conditions that allow the facility to continue providing recycling services to customers until the RCRA Subpart X permit is issued. Based on the CAFO, we recorded a charge of \$166,000 during 2012 in Selling, general and administrative expenses in the Consolidated Statement of Operations.

In connection with the above matter, the U.S. EPA has also raised concerns regarding potential violations of the Clean Air Act of 1970 ("CAA") at our Texas thermal recycling operation. However, neither the Company nor the thermal recycling unit's owner-operator has received a formal notice of violation from the U.S. EPA. We cannot presently estimate the potential additional liability, if any, related to these potential violations of the CAA and therefore no additional amounts have been recorded in our financial statements related to this matter.

Item 4. Mine Safety Disclosures

Not applicable.

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Our common stock is listed on the NASDAQ Global Select Market under the symbol ECOL. As of February 19, 2013 there were approximately 12,378 beneficial owners of our common stock. High and low sales prices for the common stock for each quarter in the last two years are shown below:

	2012		2011	
	High	Low	High	Low
First Quarter	\$ 21.77	\$ 17.63	\$ 18.21	\$ 15.20
Second Quarter	\$ 22.71	\$ 16.52	\$ 18.50	\$ 15.42
Third Quarter	\$ 21.81	\$ 17.25	\$ 18.85	\$ 15.00
Fourth Quarter	\$ 25.05	\$ 21.00	\$ 19.00	\$ 14.82

Dividend History

We have paid the following dividends on our common stock (\$s in thousands except per share amounts):

	2012		2011	
	Per share	Dollars	Per share	Dollars
First Quarter	\$ 0.18	\$ 3,281	\$ 0.18	\$ 3,275
Second Quarter	0.18	3,284	0.18	3,278
Third Quarter	0.18	3,285	0.18	3,279
Fourth Quarter(1)	0.36	6,582	0.18	3,281
Total	\$ 0.90	\$ 16,432	\$ 0.72	\$ 13,113

- (1) On December 12, 2012 the Company announced that it had accelerated the record and payment date of the Company's regular quarterly dividend scheduled for the first quarter of fiscal 2013. The accelerated dividend of \$0.18 per share was payable on December 27, 2012, rather than January 25, 2013, to stockholders of record at the close of business on December 20, 2012.

On October 29, 2010, we entered into the Credit Agreement with Wells Fargo, as amended, which provides for an aggregate commitment from Wells Fargo of \$95.0 million. Pursuant to our Credit Agreement, we may only declare quarterly or annual dividends if on the date of declaration, no event of 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. No events of default under the Credit Agreement have occurred to date.

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Stock Performance Graph

The following graph compares the five-year cumulative total return on our common stock with the comparable five-year cumulative total returns of the NASDAQ Composite Index and a waste industry peer group of publicly traded companies for the period from the end of fiscal 2007 to the end of fiscal 2012. The stock price performance shown below is not necessarily indicative of future performance.

**Comparison of Cumulative Total Shareholder Return Among
US Ecology, Inc., NASDAQ Composite Index and Peer Group(1)**

Date	US Ecology, Inc.	Nasdaq Composite	Peer Group(2)
December 31, 2007	\$ 100.00	\$ 100.00	\$ 100.00
December 31, 2008	\$ 88.49	\$ 60.07	\$ 105.46
December 31, 2009	\$ 77.61	\$ 86.43	\$ 111.32
December 31, 2010	\$ 82.80	\$ 101.05	\$ 128.37
December 31, 2011	\$ 93.25	\$ 99.23	\$ 127.01
December 31, 2012	\$ 122.17	\$ 115.02	\$ 131.38

(1) Total return assuming \$100 invested on December 31, 2007 and reinvestment of dividends on the day they were paid.

(2) The peer group consists of Clean Harbors, Inc., Perma-Fix Environmental Services, Inc. and Waste Management Inc.

The performance graph above is being furnished solely to accompany this Annual Report on Form 10-K pursuant to Item 201(e) of Regulation S-K, is not being filed for purposes of Section 18 of the Exchange Act, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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This summary should be read in conjunction with the consolidated financial statements and related notes.

\$s in thousands, except per share amounts	2012	2011	2010	2009	2008
Revenue	\$ 169,138	\$ 154,917	\$ 104,836	\$ 132,519	\$ 175,827
Insurance proceeds(1)				661	
Operating income	40,638	32,365	20,377	23,102	34,521
Foreign currency gain (loss)	1,213	(1,321)	1,819	(37)	3
Income tax expense	16,059	11,437	9,602	9,513	13,735
Net income	25,659	18,370	12,584	13,970	21,498
Earnings per share basic:	\$ 1.41	\$ 1.01	\$ 0.69	\$ 0.77	\$ 1.18
Earnings per share diluted:	\$ 1.40	\$ 1.01	\$ 0.69	\$ 0.77	\$ 1.18
Shares used in earnings per share calculation:					
Basic	18,238	18,198	18,170	18,146	18,236
Diluted	18,281	18,223	18,189	18,173	18,290
Dividends paid per share	\$ 0.90	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.66
Total assets	\$ 218,694	\$ 202,588	\$ 217,349	\$ 123,662	\$ 127,445
Working capital(2)	13,021	8,772	18,693	38,830	36,892
Long-term debt	45,000	40,500	63,003	10	21
Stockholders' equity	112,022	100,163	94,712	93,498	91,942
Return on invested capital(3)	14.6%	12.0%	12.7%	14.3%	18.7%

- (1) Relates to insurance recoveries from an employee dishonesty claim in 2009.
- (2) Calculated as current assets minus current liabilities.
- (3) Calculated as operating income less applicable taxes divided by the sum of stockholders' equity, long-term debt, closure and post-closure obligations and monetized operating leases, less cash and short-term investments.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**General**

US Ecology is a hazardous, polychlorinated biphenyls ("PCB"), non-hazardous and radioactive waste services company providing treatment, disposal, recycling and transportation services to commercial and government entities including, but not limited to, oil refineries, chemical production facilities, manufacturers, electric utilities, steel mills, biotechnology companies, military installations, waste brokers/aggregators and medical and academic institutions. The majority of the waste received at our facilities is produced in the United States.

On October 31, 2010, the Company acquired Stablex Canada Inc. ("Stablex"). Stablex is a provider of hazardous waste services that operates a permitted hazardous waste processing and disposal facility in Blainville, Québec, Canada about 30 miles northwest of Montreal, Québec, Canada.

On May 31, 2012, the Company acquired 100% of the outstanding shares of Dynecol, Inc. ("Dynecol"), a chemical and industrial byproducts treatment and reuse facility located in Detroit, Michigan, for a total purchase price of \$10.8 million, including net working capital adjustments. The acquisition of Dynecol, subsequently renamed US Ecology Michigan, Inc., strengthens our mid-western and eastern U.S. and Ontario, Canada presence to better serve key North American hazardous waste markets. In addition, US Ecology Michigan, Inc. provides us with an opportunity to win more Event Business (as defined below)

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work; expand penetration with national accounts; improve and enhance transportation, logistics, and service offerings with existing customers; and attract new customers. Management also believes that the acquisition offers meaningful synergies in combination with our Stalex facility. Revenue from US Ecology Michigan, Inc. after the date of acquisition included in US Ecology's consolidated statements of operations was \$6.7 million for the year ended December 31, 2012.

We generate revenue from fees charged to treat and dispose of waste at our six fixed facilities located near Beatty, Nevada; Richland, Washington; Robstown, Texas; Grand View, Idaho; Detroit, Michigan and Blainville, Québec, Canada. We manage a dedicated fleet of railcars and arrange for the transportation of waste to our facilities. Transportation services contributed significant revenue in recent years. We also utilize this railcar fleet to provide transportation services for disposal at facilities operated by other companies on a less frequent basis. We or our predecessor companies have been in the waste business since 1952.

Our customers may be divided into categories to better evaluate period-to-period changes in our treatment and disposal ("T&D") revenue based on service mix and type of business (recurring customer "Base Business" or discrete waste clean-up project "Event Business"). Each of these categories is described in the table below with information on the percentage of total T&D revenues for each category for the years ended December 31, 2012 and 2011.

Customer Category	Description	% of T&D Revenue(1)(2) for the Years Ended	
		December 31, 2012	2011
Broker	Companies that collect and aggregate waste from their direct customers, generally comprised of Base Business with periodic Event Business for larger projects.	51%	49%
Other industry	Electric utilities, chemical manufacturers, steel mill and other industrial customers not included in other categories, comprised of both recurring Base and Event Business.		