CLEAN HARBORS INC
Form 10-Q
November 04, 2015
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UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2015
OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-34223

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

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

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

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

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

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

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

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

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

Common Stock, $.01 par value	57,587,689
(Class)	(Outstanding as of October 30, 2015)

CLEAN HARBORS, INC.

QUARTERLY REPORT ON FORM 10-Q

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)

	September 30, 2015 (unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$179,191	$246,879
Accounts receivable, net of allowances aggregating $30,271 and $25,661, respectively	600,283	557,131
Unbilled accounts receivable	41,562	40,775
Deferred costs	19,096	19,018
Inventories and supplies	150,255	168,663
Prepaid expenses and other current assets	44,880	57,435
Deferred tax assets	37,288	36,532
Total current assets	1,072,555	1,126,433
Property, plant and equipment, net	1,531,548	1,558,834
Other assets:		
Deferred financing costs	15,121	17,580
Goodwill	447,918	452,669
Permits and other intangibles, net	518,995	530,080
Other	13,724	18,682
Total other assets	995,758	1,019,011
Total assets	$3,599,861	$3,704,278
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of capital lease obligations	$11	$536
Accounts payable	295,476	267,329
Deferred revenue	62,837	62,966
Accrued expenses	244,790	219,549
Current portion of closure, post-closure and remedial liabilities	21,902	22,091
Total current liabilities	625,016	572,471
Other liabilities:		
Closure and post-closure liabilities, less current portion of $5,403 and $4,999, respectively	47,861	45,702
Remedial liabilities, less current portion of $16,499 and $17,092, respectively	126,816	138,029
Long-term obligations	1,395,000	1,395,000
Deferred taxes, unrecognized tax benefits and other long-term liabilities	282,447	290,205
Total other liabilities	1,852,124	1,868,936
Commitments and contingent liabilities (See Note 14)		
Stockholders' equity:		
Common stock, $.01 par value:		
Authorized 80,000,000; shares issued and outstanding 57,664,992 and 58,903,482	577	589

shares, respectively		
Shares held under employee participation plan	(469)	(469)
Additional paid-in capital	740,070	805,029
Accumulated other comprehensive loss	(229,555)	(110,842)
Accumulated earnings	612,098	568,564
Total stockholders’ equity	1,122,721	1,262,871
Total liabilities and stockholders’ equity	$3,599,861	$3,704,278

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(in thousands except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Service revenues	$760,667	$657,221	$2,158,344	$1,962,071
Product revenues	132,699	194,244	403,749	594,541
Total revenues	893,366	851,465	2,562,093	2,556,612
Cost of revenues (exclusive of items shown separately below)				
Service revenues	523,676	440,261	1,484,936	1,333,443
Product revenues	110,970	158,146	348,905	497,633
Total cost of revenues	634,646	598,407	1,833,841	1,831,076
Selling, general and administrative expenses	93,113	99,701	321,246	334,394
Accretion of environmental liabilities	2,577	2,642	7,795	7,975
Depreciation and amortization	69,060	70,049	205,189	205,480
Goodwill impairment charge	—	123,414	31,992	123,414
Income (loss) from operations	93,970	(42,748)	162,030	54,273
Other (expense) income	(139)	613	(390)	4,136
Interest expense, net of interest income of $126, $174, $465 and $590, respectively	(19,017)	(19,494)	(57,704)	(58,430)
Income (loss) before provision for income taxes	74,814	(61,629)	103,936	(21)
Provision for income taxes	34,586	31,708	60,402	55,684
Net income (loss)	$40,228	$(93,337)	$43,534	$(55,705)
Earnings (loss) per share:				
Basic	$0.69	$(1.55)	$0.74	$(0.92)
Diluted	$0.69	$(1.55)	$0.74	$(0.92)
Shares used to compute earnings (loss) per share - Basic	58,161	60,369	58,799	60,585
Shares used to compute earnings (loss) per share - Diluted	58,268	60,369	58,898	60,585

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income (loss)	$40,228	$(93,337)	$43,534	$(55,705)
Other comprehensive loss:				
Unrealized gains on available-for-sale securities (net of taxes of $0, $18, $0, $159 respectively)	—	102	—	901
Reclassification adjustment for gains on available-for-sale securities included in net income (net of taxes of $0, $4, $0, $508 respectively)	—	(23)	—	(2,880)
Foreign currency translation adjustments	(53,541)	(49,171)	(118,713)	(52,582)
Other comprehensive loss	(53,541)	(49,092)	(118,713)	(54,561)
Comprehensive loss	$(13,313)	$(142,429)	$(75,179)	$(110,266)

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Nine Months Ended September 30, 2015	2014
Cash flows from operating activities:		
Net income	$43,534	$(55,705)
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	205,189	205,480
Goodwill impairment charge	31,992	123,414
Allowance for doubtful accounts	5,631	6,743
Amortization of deferred financing costs and debt discount	2,459	2,457
Accretion of environmental liabilities	7,795	7,975
Changes in environmental liability estimates	(2,200)	(2,991)
Deferred income taxes	(18,994)	8,506
Stock-based compensation	6,550	6,446
Excess tax benefit of stock-based compensation	(102)	(829)
Net tax (deficiency) benefit on stock based awards	(78)	829
Other expense (income)	390	(4,136)
Environmental expenditures	(16,773)	(12,130)
Changes in assets and liabilities, net of acquisitions		
Accounts receivable and unbilled accounts receivable	(63,222)	(35,708)
Inventories and supplies	14,708	(20,675)
Other current assets	18,706	(10,048)
Accounts payable	47,051	(53,352)
Other current and long-term liabilities	26,957	29,763
Net cash from operating activities	309,593	196,039
Cash flows from investing activities:		
Additions to property, plant and equipment	(189,999)	(198,877)
Proceeds from sales of fixed assets	3,740	5,913
Proceeds from sales of marketable securities	—	12,947
Acquisitions, net of cash acquired	(79,610)	(6,150)
Additions to intangible assets, including costs to obtain or renew permits	(4,633)	(5,443)
Other	—	914
Net cash used in investing activities	(270,502)	(190,696)
Cash flows from financing activities:		
Change in uncashed checks	(21,882)	(591)
Proceeds from exercise of stock options	397	—
Issuance of restricted shares, net of shares remitted	(2,027)	(2,668)
Repurchases of common stock	(69,155)	(48,329)
Proceeds from employee stock purchase plan	—	4,364
Repayment of long-term obligations	—	(5,000)
Payments on capital leases	(500)	(1,682)
Excess tax benefit of stock-based compensation	102	829
Net cash from financing activities	(93,065)	(53,077)
Effect of exchange rate change on cash	(13,714)	(4,318)

Decrease in cash and cash equivalents	(67,688)	(52,052)
Cash and cash equivalents, beginning of period	246,879	310,073
Cash and cash equivalents, end of period	$179,191	$258,021
Supplemental information:		
Cash payments for interest and income taxes:		
Interest paid	$58,613	$58,446
Income taxes paid	32,276	21,737
Non-cash investing and financing activities:		
Accrual for repurchased shares	658	5,464
Property, plant and equipment accrued	29,549	23,976
Receivable for estimated purchase price adjustment	2,518	—

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

CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)

	Common Stock		Shares Held Under Employee Participation Plan	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Earnings	Total Stockholders' Equity
	Number of Shares	$ 0.01 Par Value					
Balance at January 1, 2015	58,903	$589	$ (469)	$805,029	$ (110,842)	$ 568,564	$ 1,262,871
Net income	—	—	—	—	—	43,534	43,534
Other comprehensive loss	—	—	—	—	(118,713)	—	(118,713)
Stock-based compensation	—	—	—	6,550	—	—	6,550
Issuance of restricted shares, net of shares remitted	94	1	—	(2,028)	—	—	(2,027)
Repurchases of common stock	(1,344)	(13)	—	(69,800)	—	—	(69,813)
Exercise of stock options	12	—	—	397	—	—	397
Net tax deficiency on stock based awards	—	—	—	(78)	—	—	(78)
Balance at September 30, 2015	57,665	$577	$ (469)	$740,070	$ (229,555)	$ 612,098	$ 1,122,721

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

The accompanying consolidated interim financial statements are unaudited and include the accounts of Clean Harbors, Inc. and its subsidiaries (collectively, “Clean Harbors,” the “Company” or "we") and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) and, in the opinion of management, include all adjustments which are of a normal recurring nature, necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. Management has made estimates and assumptions affecting the amounts reported in the Company's consolidated interim financial statements and accompanying footnotes, actual results could differ from those estimates and judgments. The results for interim periods are not necessarily indicative of results for the entire year or any other interim periods. The financial statements presented herein should be read in connection with the financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014, which includes the audited consolidated balance sheet as of December 31, 2014 from which the one presented herein was derived.

On October 26, 2015, the Company announced the Oil Re-refining and Recycling segment will be renamed to Kleen Performance Products. As such, all current and historical results of the formerly named Oil Re-refining and Recycling segment are shown under the Kleen Performance Products heading within this report.

(2) SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 2, "Significant Accounting Policies," in the Company's Annual Report on Form 10-K for the year ended December 31, 2014. There have been no material changes in these policies or their application.

Recent Accounting Pronouncements

Standards implemented

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

Standards to be implemented

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. In August 2015, FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 for all entities by one year. This new guidance is currently effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017.

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

The Company is currently evaluating the impact that the above standards to be implemented will have on the Company's consolidated financial statements.

In April 2015, FASB issued ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30). The amendment provides guidance that requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the debt liability rather than as an asset. The recognition and measurement guidance for debt issuance costs are not affected by the accounting standard update. The standard will be effective for annual periods and interim periods within those annual periods beginning after December 15, 2015, with early adoption permitted. The revised standard will be adopted by the Company on January 1, 2016, at which time it will be applied retrospectively and will require reclassifications within the Company’s consolidated balance sheets. The revised

standard only affects presentation and therefore will not have an impact on the Company’s results of operations.
In July 2015, FASB issued ASU 2015-11, Inventory (Topic 330). The amendment provides guidance regarding the measurement of inventory. Entities should measure inventory within the scope of this update at the lower of cost and net realizable

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value. The amendments in this update are currently effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. Adoption is not expected to have a material impact on the Company's consolidated financial statements.

In September 2015, FASB issued ASU 2015-16, Business Combinations (Topic 805). The amendment provides guidance to simplify the accounting for adjustments made to provisional amounts recognized in a business combination. This amendment eliminates the requirement to retrospectively account for those adjustments. The amendment in this update is currently effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2015. Adoption is not expected to have a material impact on the Company's consolidated financial statements.

(3) BUSINESS COMBINATIONS

2015 Acquisition

On April 11, 2015, the Company completed the acquisition of Heckmann Environmental Services, Inc. (“HES”) and Thermo Fluids Inc. (“TFI”), a wholly-owned subsidiary of HES. The acquisition was accomplished through a purchase by Safety-Kleen, Inc., a wholly-owned subsidiary of the Company, of all of the issued and outstanding shares of HES from Nuverra Environmental Solutions, Inc. HES is a holding company that does not conduct any operations. TFI provides environmental services, including used oil recycling, used oil filter recycling, antifreeze products, parts washers and solvent recycling, and industrial waste management services, including vacuum services, remediation, lab pack and hazardous waste management. The Company acquired TFI for an estimated preliminary purchase price of $77.1 million inclusive of current estimates of and subject to certain closing and post-closing adjustments relating to working capital and other assumed liabilities. The acquisition was financed with cash on hand and expands the Company’s environmental services customer base while also complimenting the SK Environmental Services network and presence in the western United States. The amount of revenue from TFI included in the Company's results of operations for the three and nine months ended September 30, 2015 was $13.1 million and $24.8 million. During the three and nine months ended September 30, 2015, the Company incurred acquisition-related costs of approximately $0.1 million and $0.5 million, respectively, in connection with the transaction which are primarily included in selling, general and administrative expenses in the consolidated statements of income. Results of TFI since acquisition have been included within the SK Environmental Services segment.

The allocation of the purchase price was based on preliminary estimates of the fair value of assets acquired and liabilities assumed as of April 11, 2015, as the Company is continuing to obtain information to complete its valuation of these accounts and the associated tax accounting. The components and preliminary allocation of the purchase price consist of the following amounts (in thousands):

	At acquisition date April 11, 2015	Measurement Period Adjustments	At acquisition date as reported at September 30, 2015
Accounts receivable	7,109	$(444)	$6,665
Inventories and supplies	1,791	—	1,791
Prepaid and other current assets	1,749	8	1,757
Property, plant and equipment	30,468	(1,606)	28,862
Permits and other intangibles	20,000	(1,500)	18,500
Current liabilities	(5,859)	—	(5,859)
Closure and post-closure liabilities	(1,676)	—	(1,676)
Deferred taxes, unrecognized tax benefits and other long-term liabilities	(13,081)	1,832	(11,249)
Total identifiable net assets	40,501	(1,710)	38,791
Goodwill	36,591	1,710	38,301

Total	$77,092	$—	$77,092

Pro forma revenue and earnings amounts on a combined basis as if TFI had been acquired on January 1, 2014 are immaterial to the consolidated financial statements of the Company since that date.

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(4) INVENTORIES AND SUPPLIES

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

	September 30, 2015	December 31, 2014
Oil and oil products	$35,484	$62,111
Supplies and drums	75,357	68,547
Solvent and solutions	9,742	9,355
Modular camp accommodations	14,738	15,776
Other	14,934	12,874
Total inventories and supplies	$150,255	$168,663

As of September 30, 2015 and December 31, 2014, other inventories consisted primarily of cleaning fluids, such as absorbents and wipers, and automotive fluids, such as windshield washer fluid and antifreeze.

(5) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in thousands):

	September 30, 2015	December 31, 2014
Land	$100,811	$98,507
Asset retirement costs (non-landfill)	12,455	10,871
Landfill assets	126,904	110,984
Buildings and improvements	338,791	338,242
Camp equipment	155,363	180,575
Vehicles	495,270	471,615
Equipment	1,312,699	1,302,424
Furniture and fixtures	5,330	5,517
Construction in progress	103,484	45,605
	2,651,107	2,564,340
Less - accumulated depreciation and amortization	1,119,559	1,005,506
Total property, plant and equipment, net	$1,531,548	$1,558,834

Interest in the amount of $0.6 million and $1.2 million was capitalized to fixed assets during the three and nine months ended September 30, 2015, respectively. Interest in the amount of $0.1 million and $0.4 million was capitalized to fixed assets during the three and nine months ended September 30, 2014, respectively. Depreciation expense, inclusive of landfill amortization was $59.2 million and $175.5 million for the three and nine months ended September 30, 2015, respectively. Depreciation expense, inclusive of landfill amortization was $60.9 million and $178.0 million for the three and nine months ended September 30, 2014, respectively.

(6) GOODWILL AND OTHER INTANGIBLE ASSETS

The changes to goodwill for the nine months ended September 30, 2015 were as follows (in thousands):

	2015
Balance at January 1, 2015	$452,669
Acquired from TFI acquisition	38,301
Measurement period adjustment from prior acquisitions	3,841
Goodwill impairment charge	(31,992)
Foreign currency translation	(14,901)
Balance at September 30, 2015	$447,918

The Company assesses goodwill for impairment on an annual basis as of December 31, or at an interim date when events or changes in the business environment would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company conducted the annual impairment test of goodwill for all reporting units as of December 31, 2014 and determined that no adjustment to the carrying value of goodwill for any reporting unit was necessary because the fair value of each of the reporting units exceeded that reporting unit's respective carrying value.

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As disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2014, the fair value of the Oil and Gas Field Services reporting unit did not significantly exceed its carrying amount. During the second quarter of 2015, certain events and changes in circumstances arose which led management of the Company to conclude that the fair value of the Oil and Gas Field Services reporting unit may be less than its carrying value and therefore an interim impairment test was conducted relative to goodwill recorded by the Oil and Gas Field Services reporting unit. The primary events and changes in circumstances which led to this conclusion were:

- The second quarter is the period of time where greater levels of communication with customers and the receipt of bids and proposals for project work take place and provide management with more clarity into levels of activity and other economic and business indicators for the latter half of the fiscal year and on into the first quarter of the following year. During the quarter ended June 30, 2015, it became apparent that oil and gas exploration and production activity would continue to be lower than historical periods and lower than previously anticipated by the Company. This was evidenced by reduced volume in bid and proposal requests from customers and communications indicating the reduction in customer budgets in these areas as well as lower than anticipated pricing for our services.

- Market and industry reports which management looks to in projecting business conditions and establishing forecast information evidenced more pessimistic views in the near term. The continued depressed price of oil without any upward momentum since December 2014, as well as declining and expected continued decline in rig count for the remainder of 2015, have resulted in lower estimates of industry activity in the second half of 2015 and early 2016.

- In recognition of lower than anticipated business results and less optimistic market indicators, management significantly lowered its 2015 forecasts relative to the Oil and Gas Field Services reporting unit.

In performing Step I of this interim goodwill impairment test, the estimated fair value of the Oil and Gas Field Services reporting unit was determined using an income approach based upon discounted cash flows and was compared to the reporting unit's carrying value as of June 30, 2015. Based on the results of that valuation, the carrying amount of the reporting unit, including $32.0 million of goodwill, exceeded its estimated fair value and as a result the Company performed Step II of the goodwill impairment test to determine the amount of goodwill impairment charge to be recorded.

Step II of the goodwill impairment test required the Company to perform a theoretical purchase price allocation for the reporting unit to determine the implied fair value of goodwill and to compare the implied fair value of goodwill to the recorded amount. The estimates of the fair values of intangible assets identified in performing this theoretical purchase price allocation and resulting implied fair value of goodwill required significant judgment. Based on the results of this goodwill impairment test the implied value of goodwill was $0 and as such the Company recognized a goodwill impairment charge equal to the recorded amount of goodwill or $32.0 million as of June 30, 2015.

The factors contributing to the $32.0 million goodwill impairment charge principally related to events and changes in circumstances discussed above which had negative impacts on the Company’s prospective financial information utilized in its discounted cash flow model prepared in connection with the interim impairment test. The currently projected lower levels of activity and pricing in the latter half of the year which became evident during the second quarter decreased the reporting unit’s anticipated future cash flows for 2015 as compared to those estimated previously. These factors have also provided evidence of a longer than expected overall recovery from current industry lows which negatively impacted the estimated levels of cash flows in future periods that are assumed in the cash flow models utilized in the interim impairment test. These factors adversely affected the estimated fair value of the reporting unit as of June 30, 2015 and ultimately led to the recognition of the goodwill impairment charge.

As disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2014, during the third quarter of 2014 the Company recorded a goodwill impairment charge of $123.4 million related to goodwill associated with the Kleen Performance Products segment. This impairment charge resulted from decreases in market prices of oil products sold by the Kleen Performance Products business which took place during the third quarter of 2014.

Significant judgments and unobservable inputs categorized as Level III in the fair value hierarchy are inherent in the impairment tests performed and include assumptions about the amount and timing of expected future cash flows, growth rates, and the determination of appropriate discount rates. The Company believes that the assumptions used in its annual and any interim date impairment tests are reasonable, but variations in any of the assumptions may result in different calculations of fair values and impairment charges.

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The performance of the Company's reporting units will continue to be monitored. If the Company's reporting units do not achieve the financial performance that the Company expects, it is possible that additional goodwill impairment charge may result. There can therefore be no assurance that future events will not result in an impairment of goodwill. The Company continues to assess whether the Oil and Gas Field Services carrying values of finite-lived intangible and other long-lived assets are recoverable. As of September 30, 2015 the Oil and Gas Field Services reporting unit had property, plant and equipment, net of $168.6 million, other intangible assets of $17.7 million consisting of customer and supplier relationships of $9.2 million and other intangible assets of $8.5 million. Based on current analyses, sufficient undiscounted cash flows are expected to be generated over these assets' remaining lives to demonstrate these asset carrying values will be recovered and thus no impairment exists.

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

	September 30, 2015				December 31, 2014			
	Cost	Accumulated Amortization	Net	Weighted Average Remaining Amortization Period (in years)	Cost	Accumulated Amortization	Net	Weighted Average Remaining Amortization Period (in years)
Permits	$161,641	$ 60,091	$101,550	18.9	$156,692	$ 55,318	$101,374	19.0
Customer and supplier relationships	377,373	93,786	283,587	10.3	370,373	77,697	292,676	11.0
Other intangible assets	31,943	21,165	10,778	2.2	31,540	19,074	12,466	3.2
Total amortizable permits and other intangible assets	570,957	175,042	395,915	10.4	558,605	152,089	406,516	11.4
Trademarks and trade names	123,080	—	123,080	Indefinite	123,564	—	123,564	Indefinite
Total permits and other intangible assets	$694,037	$ 175,042	$518,995		$682,169	$ 152,089	$530,080	

Amortization expense of permits and other intangible assets for the three and nine months ended September 30, 2015 and was $9.9 million and $29.7 million, respectively. Amortization expense of permits and other intangible assets for the three and nine months ended September 30, 2014 was $9.1 million and $27.5 million, respectively.

Below is the expected future amortization of the net carrying amount of finite-lived intangible assets at September 30, 2015 (in thousands):

Years Ending December 31,	Expected Amortization
2015 (three months)	$9,466
2016	37,397
2017	34,702
2018	31,409
2019	28,248
Thereafter	254,693
	$395,915

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(7) ACCRUED EXPENSES

Accrued expenses consisted of the following (in thousands):

	September 30, 2015	December 31, 2014
Insurance	$55,114	$58,931
Interest	17,623	20,527
Accrued compensation and benefits	49,083	59,006
Income, real estate, sales and other taxes	77,837	38,297
Other	45,133	42,788
Total accrued expenses	$244,790	$219,549

(8) CLOSURE AND POST-CLOSURE LIABILITIES

The changes to closure and post-closure liabilities (also referred to as “asset retirement obligations”) for the nine months ended September 30, 2015 were as follows (in thousands):

	Landfill Retirement Liability	Non-Landfill Retirement Liability	Total
Balance at January 1, 2015	$29,932	$20,769	$50,701
Liabilities assumed in acquisitions	—	1,676	1,676
New asset retirement obligations	2,325	—	2,325
Accretion	1,887	1,567	3,454
Changes in estimates recorded to statement of income	13	—	13
Changes in estimates recorded to balance sheet	1,370	—	1,370
Expenditures	(5,490)	(259)	(5,749)
Currency translation and other	(323)	(203)	(526)
Balance at September 30, 2015	$29,714	$23,550	$53,264

All of the landfill facilities included in the above were active as of September 30, 2015. New asset retirement obligations incurred during the first nine months of 2015 were discounted at the credit-adjusted risk-free rate of 5.99%. There were no significant charges (benefits) in 2015 resulting from changes in estimates for closure and post-closure liabilities.

(9) REMEDIAL LIABILITIES

The changes to remedial liabilities for the nine months ended September 30, 2015 were as follows (in thousands):

	Remedial Liabilities for Landfill Sites	Remedial Liabilities for Inactive Sites	Remedial Liabilities (Including Superfund) for Non-Landfill Operations	Total
Balance at January 1, 2015	$ 5,420	$ 68,528	$ 81,173	$155,121
Accretion	187	2,185	1,969	4,341
Changes in estimates recorded to statement of income	(2,547)	(250)	584	(2,213)
Expenditures	(110)	(3,283)	(7,631)	(11,024)
Currency translation and other	(335)	(99)	(2,476)	(2,910)
Balance at September 30, 2015	$ 2,615	$ 67,081	$ 73,619	$143,315

During the nine months ended September 30, 2015, the Company reduced its remedial liabilities for landfill sites by $2.5 million due to a change in estimate of the related liability. This change in estimate was triggered primarily as a result of the Company's receiving Provincial approval for a planned expansion of one its landfills in Canada. The planned expansion project will remediate the Company's previously recognized corrective actions.

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(10) FINANCING ARRANGEMENTS

The following table is a summary of the Company's financing arrangements (in thousands):

	September 30, 2015	December 31, 2014
Senior unsecured notes, at 5.25%, due August 1, 2020 ("2020 Notes")	$800,000	$800,000
Senior unsecured notes, at 5.125%, due June 1, 2021 ("2021 Notes")	595,000	595,000
Long-term obligations	$1,395,000	$1,395,000

At September 30, 2015 and December 31, 2014, the fair value of the Company's 2020 Notes was $812.0 million and $804.0 million, respectively, based on quoted market prices for the instrument. The fair value of the 2020 Notes is considered a Level 2 measure according to the fair value hierarchy.

At September 30, 2015 and December 31, 2014, the fair value of the Company's 2021 Notes was $602.4 million and $595.0 million, respectively, based on quoted market prices for the instrument. The fair value of the 2021 Notes is considered a Level 2 measure according to the fair value hierarchy.

The Company also maintains a revolving credit facility which as of September 30, 2015 and December 31, 2014 had no outstanding loan balances. At September 30, 2015, $232.0 million was available to borrow and outstanding letters of credit were $144.3 million. At December 31, 2014, $238.4 million was available to borrow and outstanding letters of credit were $134.5 million.

Available credit for Clean Harbors, Inc. ("Parent") and its domestic subsidiaries is limited to 85% of their eligible accounts receivable and 100% of their cash deposited in a controlled account with the agent. The revolving credit facility is guaranteed by all of Parent's domestic subsidiaries and secured by substantially all of Parent's and its domestic subsidiaries' assets. Available credit for Parent's Canadian subsidiaries is limited to 85% of their eligible accounts receivable and 100% of their cash deposited in a controlled account with the agent's Canadian affiliate. The obligations of the Canadian subsidiaries under the revolving credit facility are guaranteed by all of Parent's Canadian subsidiaries and secured by the accounts receivable of the Canadian subsidiaries, but the Canadian subsidiaries do not guarantee and are not otherwise responsible for the obligations of Parent or its domestic subsidiaries.

(11) EARNINGS (LOSS) PER SHARE

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Numerator for basic and diluted earnings per share:				
Net income (loss)	$40,228	$(93,337)	$43,534	$(55,705)
Denominator:				
Basic shares outstanding	58,161	60,369	58,799	60,585
Dilutive effect of equity-based compensation awards	107	—	99	—
Dilutive shares outstanding	58,268	60,369	58,898	60,585
Basic earnings (loss) per share:	$0.69	$(1.55)	$0.74	$(0.92)
Diluted earnings (loss) per share:	$0.69	$(1.55)	$0.74	$(0.92)

For the three and nine months ended September 30, 2015, the dilutive effect of all then outstanding stock options, restricted stock awards and performance awards is included in the EPS calculations above except for 274,257 of outstanding performance stock awards for which the performance criteria were not attained at that time and 10,704 and 42,642, respectively, restricted stock awards which were excluded from the calculation of diluted earnings per share as their inclusion would have an antidilutive effect. As a result of the net loss reported in the three and nine months ended September 30, 2014, all outstanding restricted stock awards and performance awards totaling 624,145 instruments were excluded from the calculation of diluted earnings per share as their inclusion would have an antidilutive effect.

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(12) ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss by component and related tax effects for the nine months ended September 30, 2015 were as follows (in thousands):

	Foreign Currency Translation	Unfunded Pension Liability	Total
Balance at January 1, 2015	$(108,889)	$(1,953)	$(110,842)
Other comprehensive loss before reclassifications	(118,713)	—	(118,713)
Tax effects	—	—	—
Other comprehensive loss	$(118,713)	$—	$(118,713)
Balance at September 30, 2015	$(227,602)	$(1,953)	$(229,555)

The amounts reclassified out of accumulated other comprehensive loss into the consolidated statement of income (loss), with presentation location during the three and nine months ended September 30, 2014, were as follows (in thousands):

Comprehensive Loss Components	For the Three Months Ended September 30, 2014	For the Nine Months Ended September 30, 2014	Location
Unrealized gains on available-for-sale investments	$27	$3,388	Other (expense) income

There were no reclassifications out of accumulated other comprehensive loss into the consolidated statement of income during the three and nine months ended September 30, 2015.

(13) STOCK-BASED COMPENSATION

Total stock-based compensation cost charged to selling, general and administrative expenses for the three and nine months ended September 30, 2015 was $0.5 million and $6.6 million, respectively. During the three months ended September 30, 2015, the Company reversed $1.4 million of stock based compensation for performance stock awards originally issued in 2014 as management determined it was no longer probable that a portion of the performance targets would be earned. As a result, the Company has recorded $0.9 million of stock based compensation associated with these performance awards in the nine months ended September 30, 2015. Total stock-based compensation cost charged to selling, general and administrative expenses for the three and nine months ended September 30, 2014 was $2.1 million and $6.4 million, respectively. The total income tax benefit recognized in the consolidated statements of income from stock-based compensation was $0.1 million and $1.8 million for the three and nine months ended September 30, 2015, respectively. The total income tax benefit recognized in the consolidated statements of income from stock-based compensation was $0.5 million and $1.5 million for the three and nine months ended September 30, 2014, respectively.

Restricted Stock Awards

The following information relates to restricted stock awards that have been granted to employees and directors under the Company's Plans. The restricted stock awards are not transferable until vested and the restrictions generally lapse upon the achievement of continued employment over a three-to-five-year period or service as a director until the following annual meeting of shareholders. The fair value of each restricted stock grant is based on the closing price of the Company's common stock on the date of grant and is amortized to expense over its vesting period.

The following table summarizes information about restricted stock awards for the nine months ended September 30, 2015:

Restricted Stock	Number of Shares	Weighted Average Grant-Date Fair Value

Unvested January 1, 2015	383,021	$56.51
Granted	142,434	$55.00
Vested	(124,822)	$55.85
Forfeited	(37,972)	$56.48
Unvested September 30, 2015	362,661	$56.15

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As of September 30, 2015, there was $13.2 million of total unrecognized compensation cost arising from restricted stock awards under the Company's Plans. This cost is expected to be recognized over a weighted average period of 3.2 years. The total fair value of restricted stock vested during the three and nine months ended September 30, 2015 was $0.6 million and $6.8 million, respectively. The total fair value of restricted stock vested during the three and nine months ended September 30, 2014 was $1.5 million and $9.1 million, respectively.

Performance Stock Awards

The following information relates to performance stock awards that have been granted to employees under the Company's Plans. Performance stock awards are subject to performance criteria established by the compensation committee of the Company's board of directors prior to or at the date of grant. The vesting of the performance stock awards is based on achieving such targets typically based on revenue, Adjusted EBITDA margin, ROIC percentage and Total Recordable Incident Rate. In addition performance stock awards include continued service conditions. The fair value of each performance stock award is based on the closing price of the Company's common stock on the date of grant and is amortized to expense over the service period if achievement of performance measures is considered probable.

The following table summarizes information about performance stock awards for the nine months ended September 30, 2015:

Performance Stock	Number of Shares	Weighted Average Grant-Date Fair Value
Unvested January 1, 2015	143,875	$60.94
Granted	167,906	$56.41
Vested	(6,129)	$54.28
Forfeited	(20,049)	$59.39
Unvested September 30, 2015	285,603	$58.53

As of September 30, 2015, there was $0.9 million of total unrecognized compensation cost arising from unvested performance stock awards deemed probable of vesting under the Company's Plans. The total fair value of performance awards vested during the nine months ended September 30, 2015 was $0.3 million. No performance awards vested during the three months ended September 30, 2015 and the three and nine months ended September 30, 2014.

Common Stock Repurchases

On March 13, 2015, the Company's board of directors increased the size of the Company’s current share repurchase program from $150 million to $300 million. During the three and nine months ended September 30, 2015, the Company repurchased a total of 0.8 million shares and 1.3 million shares, respectively, of the Company's common stock for a total of $37.6 million and $69.8 million, respectively. During the three and nine months ended September 30, 2014, the Company repurchased a total of 0.6 million shares and 0.9 million shares, respectively, of the Company's common stock for a total of $37.6 million and $53.8 million, respectively. As of September 30, 2015, the Company had repurchased and retired a total of approximately 3.3 million shares of the Company's common stock for approximately $174.2 million under this program. As of September 30, 2015, an additional $125.8 million remains available for repurchase of shares under the current authorized program.

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(14) COMMITMENTS AND CONTINGENCIES

Legal and Administrative Proceedings

The Company and its subsidiaries are subject to legal proceedings and claims arising in the ordinary course of business. Actions filed against the Company arise from commercial and employment-related claims including alleged class actions related to sales practices and wage and hour claims. The plaintiffs in these actions may be seeking damages or injunctive relief or both. These actions are in various jurisdictions and stages of proceedings, and some are covered in part by insurance. In addition, the Company’s waste management services operations are regulated by federal, state, provincial and local laws enacted to regulate discharge of materials into the environment, remediation of contaminated soil and groundwater or otherwise protect the environment. This ongoing regulation results in the Company frequently becoming a party to legal or administrative proceedings involving all levels of governmental authorities and other interested parties. The issues involved in such proceedings generally relate to alleged violations of existing permits and licenses or alleged responsibility under federal or state Superfund laws to remediate contamination at properties owned either by the Company or by other parties (“third party sites”) to which either the Company or the prior owners of certain of the Company’s facilities shipped wastes.

At September 30, 2015 and December 31, 2014, the Company had recorded reserves of $30.0 million and $33.6 million, respectively, in the Company's financial statements for actual or probable liabilities related to the legal and administrative proceedings in which the Company was then involved, the principal of which are described below. At September 30, 2015 and December 31, 2014, the Company also believed that it was reasonably possible that the amount of these potential liabilities could be as much as $2.4 million and $2.9 million more, respectively. The Company periodically adjusts the aggregate amount of these reserves when actual or probable liabilities are paid or otherwise discharged, new claims arise, or additional relevant information about existing or probable claims becomes available. As of September 30, 2015 and December 31, 2014, the $30.0 million and $33.6 million, respectively, of reserves consisted of (i) $23.4 million and $27.7 million related to pending legal or administrative proceedings, including Superfund liabilities, which were included in remedial liabilities on the consolidated balance sheets, and (ii) $6.6 million and $5.9 million, respectively, primarily related to federal, state and provincial enforcement actions, which were included in accrued expenses on the consolidated balance sheets.

As of September 30, 2015, the principal legal and administrative proceedings in which the Company was involved, or which had been terminated during 2015, were as follows:

Ville Mercier. In September 2002, the Company acquired the stock of a subsidiary (the "Mercier Subsidiary") which owns a hazardous waste incinerator in Ville Mercier, Quebec (the "Mercier Facility"). The property adjacent to the Mercier Facility, which is also owned by the Mercier Subsidiary, is now contaminated as a result of actions dating back to 1968, when the Government of Quebec issued to a company unrelated to the Mercier Subsidiary two permits to dump organic liquids into lagoons on the property. In 1999, Ville Mercier and three neighboring municipalities filed separate legal proceedings against the Mercier Subsidiary and the Government of Quebec. In 2012, the municipalities amended their existing statement of claim to seek $2.9 million (Cdn) in general damages and $10.0 million (Cdn) in punitive damages, plus interest and costs, as well as injunctive relief. Both the Government of Quebec and the Company have filed summary judgment motions against the municipalities. The parties are currently attempting to negotiate a resolution and hearings on the motions have been delayed. In September 2007, the Quebec Minister of Sustainable Development, Environment and Parks issued a Notice pursuant to Section 115.1 of the Environment Quality Act, superseding Notices issued in 1992, which are the subject of the pending litigation. The more recent Notice notifies the Mercier Subsidiary that, if the Mercier Subsidiary does not take certain remedial measures at the site, the Minister intends to undertake those measures at the site and claim direct and indirect costs related to such measures.

The Mercier Subsidiary continues to assert that it has no responsibility for the groundwater contamination in the region and will contest any action by the Ministry to impose costs for remedial measures on the Mercier Subsidiary. The Company also continues to pursue settlement options. At September 30, 2015 and December 31, 2014, the Company had accrued $11.2 million and $12.7 million, respectively, for remedial liabilities relating to the Ville Mercier legal proceedings. The decrease was due to a weakening of the Canadian dollar.

Refinery Incident. In September 2014, a customer filed suit against the Company and two other contractors and their respective insurers seeking to be named as an additional insured on the Company's and the other contractors' liability policies for an April 2013 industrial fire that occurred at the customer's refining facility. The Company and its insurers have resolved the dispute relating to the customer's additional insured status and the customer has agreed to indemnify the Company from any additional losses relating to the matter. The Company does not believe that this matter will have a material effect on its financial position or the results of operations.

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Safety-Kleen Legal Proceedings. On December 28, 2012, the Company acquired Safety-Kleen, Inc. and thereby became subject to the legal proceedings in which Safety-Kleen and its subsidiaries (collectively "Safety-Kleen") were a party on that date. In addition to certain Superfund proceedings in which Safety-Kleen has been named as a potentially responsible party as described below under "Superfund Proceedings," the principal such legal proceedings involving Safety-Kleen which were outstanding as of September 30, 2015 were as follows:

Product Liability Cases. Safety-Kleen is named as a defendant in various lawsuits that are currently pending in various courts and jurisdictions throughout the United States, including approximately 54 proceedings (excluding cases which have been settled but not formally dismissed) as of September 30, 2015, wherein persons claim personal injury resulting from the use of Safety-Kleen's parts cleaning equipment or cleaning products. These proceedings typically involve allegations that the solvent used in Safety-Kleen's parts cleaning equipment contains contaminants and/or that Safety-Kleen's recycling process does not effectively remove the contaminants that become entrained in the solvent during their use. In addition, certain claimants assert that Safety-Kleen failed to warn adequately the product user of potential risks, including a historic failure to warn that solvent contains trace amounts of toxic or hazardous substances such as benzene. Safety-Kleen maintains insurance that it believes will provide coverage for these claims (over amounts accrued for self-insured retentions and deductibles in certain limited cases), except for punitive damages to the extent not insurable under state law or excluded from insurance coverage. Safety-Kleen believes that these claims lack merit and has historically vigorously defended, and intends to continue to vigorously defend, itself and the safety of its products against all of these claims. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. Consequently, Safety-Kleen is unable to ascertain the ultimate aggregate amount of monetary liability or financial impact with respect to these matters as of September 30, 2015. From January 1, 2015 to September 30, 2015, 29 product liability claims were settled or dismissed. Due to the nature of these claims and the related insurance, the Company did not incur any expense as Safety-Kleen's insurance provided coverage in full for all such claims. Safety-Kleen may be named in similar, additional lawsuits in the future, including claims for which insurance coverage may not be available.

Fee Class Action Claims. In October 2010, two customers filed a complaint, individually and on behalf of all similarly situated customers in the State of Alabama, alleging that Safety-Kleen improperly assessed fuel surcharges and extended area service fees. In 2012, similar lawsuits were filed by the same law firm in California and Missouri, adding a claim in the California lawsuit challenging the Company's late fee policy. On January 15, 2015, the Company reached a tentative settlement of the pending class action lawsuits, which were broadened to include similar claims on behalf of customers in Florida, West Virginia and Arkansas. A final settlement in the amount of $0.1 million was approved by the court in a fairness hearing in June 2015. Such settlement is subject to limited appeal; however, any adjustment to the amount would not be material.

Superfund Proceedings

The Company has been notified that either the Company (which, since December 28, 2012, includes Safety-Kleen) or the prior owners of certain of the Company's facilities for which the Company may have certain indemnification obligations have been identified as potentially responsible parties ("PRPs") or potential PRPs in connection with 128 sites which are subject to or are proposed to become subject to proceedings under federal or state Superfund laws. Of the 128 sites, two (the Wichita Facility and the BR Facility described below) involve facilities that are now owned by the Company and 126 involve third party sites to which either the Company or the prior owners of certain of the Company's facilities shipped wastes. Of the 126 third party sites, 29 are now settled, 22 are currently requiring expenditures on remediation and 75 are not currently requiring expenditures on remediation.

In connection with each site, the Company has estimated the extent, if any, to which it may be subject, either directly or as a result of any indemnification obligations, for cleanup and remediation costs, related legal and consulting costs associated with PRP investigations, settlements, and related legal and administrative proceedings. The amount of such actual and potential liability is inherently difficult to estimate because of, among other relevant factors, uncertainties as to the legal liability (if any) of the Company or the prior owners of certain of the Company's facilities to contribute a portion of the cleanup costs, the assumptions that must be made in calculating the estimated cost and timing of remediation, the identification of other PRPs and their respective capability and obligation to contribute to remediation efforts, and the existence and legal standing of indemnification agreements (if any) with prior owners, which may either benefit the Company or subject the Company to potential indemnification obligations. In addition to the Wichita Property and the BR Facility described below, Clean Harbors believes its potential liability could exceed $100,000 at 12 of the 126 third party sites.

Wichita Property. The Company acquired in 2002 a service center located in Wichita, Kansas (the "Wichita Property"). The Wichita Property is one of several properties located within the boundaries of a 1,400 acre state-designated Superfund site in an old industrial section of Wichita known as the North Industrial Corridor Site. Along with numerous other PRPs, the former owner executed a consent decree relating to such site with the U.S. Environmental Protection Agency (the "EPA"), and the Company is continuing an ongoing remediation program for the Wichita Property in accordance with that consent decree. The Company also

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acquired rights under an indemnification agreement between the former owner and an earlier owner of the Wichita Property. The Company filed suit against the earlier owner in July of 2015 to recover costs incurred during the cleanup of the property.

BR Facility. The Company acquired in 2002 a former hazardous waste incinerator and landfill in Baton Rouge (the "BR Facility"), for which operations had been previously discontinued by the prior owner. In September 2007, the EPA issued a special notice letter to the Company related to the Devil's Swamp Lake Site ("Devil's Swamp") in East Baton Rouge Parish, Louisiana. Devil's Swamp includes a lake located downstream of an outfall ditch where wastewater and stormwater have been discharged, and Devil's Swamp is proposed to be included on the National Priorities List due to the presence of Contaminants of Concern ("COC") cited by the EPA. These COCs include substances of the kind found in wastewater and storm water discharged from the BR Facility in past operations. The EPA originally requested COC generators to submit a good faith offer to conduct a remedial investigation feasibility study directed towards the eventual remediation of the site. The Company is currently performing corrective actions at the BR Facility under an order issued by the Louisiana Department of Environmental Quality, and has begun conducting the remedial investigation and feasibility study under an order issued by the EPA. The Company cannot presently estimate the potential additional liability for the Devil's Swamp cleanup until a final remedy is selected by the EPA.

Third Party Sites. Of the 126 third party sites at which the Company has been notified it is a PRP or potential PRP or may have indemnification obligations, Clean Harbors has an indemnification agreement at 11 of these sites with ChemWaste, a former subsidiary of Waste Management, Inc., and at six additional of these third party sites, Safety-Kleen has a similar indemnification agreement with McKesson Corporation. These agreements indemnify the Company (which now includes Safety-Kleen) with respect to any liability at the 17 sites for waste disposed prior to the Company's (or Safety-Kleen's) acquisition of the former subsidiaries of Waste Management or McKesson which had shipped wastes to those sites. Accordingly, Waste Management or McKesson are paying all costs of defending those subsidiaries in those 17 cases, including legal fees and settlement costs. However, there can be no guarantee that the Company's ultimate liabilities for those sites will not exceed the amount recorded or that indemnities applicable to any of these sites will be available to pay all or a portion of related costs. Except for the indemnification agreements which the Company holds from ChemWaste and McKesson, the Company does not have an indemnity agreement with respect to any of the 126 third party sites discussed above.

Federal, State and Provincial Enforcement Actions

From time to time, the Company pays fines or penalties in regulatory proceedings relating primarily to waste treatment, storage or disposal facilities. As of September 30, 2015 and December 31, 2014, there were five and four, respectively, proceedings for which the Company reasonably believed that the sanctions could equal or exceed $100,000. The Company believes that the fines or other penalties in these or any of the other regulatory proceedings will, individually and in the aggregate, not have a material effect on its financial condition, results of operations or cash flows.

(15) INCOME TAXES

Effective tax rates for the three and nine months ended September 30, 2015 were 46.2% and 58.1%. The Company did not record any tax charges or benefits as a result of the goodwill impairment charge recorded in the second quarter of 2015. Absent the impact of the impairment charge on pre-tax income from operations, the Company’s effective tax rate for the nine months ended September 30, 2015 was 44.4%. As a result of the goodwill impairment charge recorded in the third quarter of 2014, the Company recorded an income tax benefit of $2.7 million. Absent the impact of the impairment charge on pre-tax income from operations the Company’s effective tax rate for the three and nine months ended September 30, 2014 was 55.6% and 47.3%. The decrease in the effective rates absent the impact of impairment charges for the three and nine months ended September 30, 2015 was primarily due to discrete items recorded in the third quarter of 2014 which did not reoccur in 2015.

As of September 30, 2015 and December 31, 2014, the Company had recorded $2.2 million and $2.5 million, respectively, of liabilities for unrecognized tax benefits and $0.4 million of interest, respectively.

Due to an audit settlement for one of our foreign entities, the Company believes that total unrecognized tax benefits will decrease by approximately $0.5 million within the next 12 months.

(16) SEGMENT REPORTING

Segment reporting is prepared on the same basis that the Company's chief executive officer, who is the Company's chief operating decision maker, manages the business, makes operating decisions and assesses performance.

Third party revenue is revenue billed to outside customers by a particular segment. Direct revenue is revenue allocated to the segment performing the provided service. Intersegment revenues represent the sharing of third party revenues among the

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segments based on products and services provided by each segment as if the products and services were sold directly to the third party. The intersegment revenues are shown net. The negative intersegment revenues are due to more transfers out of customer revenues to other segments than transfers in of customer revenues from other segments. The operations not managed through the Company’s six reportable segments are recorded as “Corporate Items.” Corporate Items revenues consist of two different operations for which the revenues are insignificant. Corporate Items cost of revenues represents certain central services that are not allocated to the six segments for internal reporting purposes. Corporate Items selling, general and administrative expenses include typical corporate items such as legal, accounting and other items of a general corporate nature that are not allocated to the Company’s six reportable segments. Performance of the segments is evaluated on several factors, of which the primary financial measure is “Adjusted EBITDA,” which consists of net income (loss) plus accretion of environmental liabilities, depreciation and amortization, net interest expense, provision for income taxes, other non-cash charges not deemed representative of fundamental segment results and excludes other (expense) income. Transactions between the segments are accounted for at the Company’s best estimate based on similar transactions with outside customers.

The following table reconciles third party revenues to direct revenues for the three and nine months ended September 30, 2015 and 2014 (in thousands):

	For the Three Months Ended September 30, 2015				For the Three Months Ended September 30, 2014			
	Third party revenues	Intersegment revenues, net	Corporate Items, net	Direct revenues	Third party revenues	Intersegment revenues, net	Corporate Items, net	Direct revenues
Technical Services	$253,069	$ 34,819	$506	$288,394	$272,478	$ 39,296	$1,628	$313,402
Industrial and Field Services	307,226	(6,973)	(313)	299,940	163,582	(9,234)	29	154,377
Kleen Performance Products	100,827	(23,744)	(6)	77,077	140,345	(52,606)	—	87,739
SK Environmental Services	171,832	(5,947)	2	165,887	170,980	21,212	—	192,192
Lodging Services	13,507	743	30	14,280	36,582	697	26	37,305
Oil and Gas Field Services	46,788	1,102	92	47,982	67,370	635	4	68,009
Corporate Items	117	—	(311)	(194)	128	—	(1,687)	(1,559)
Total	$893,366	$ —	$—	$893,366	$851,465	$ —	$—	$851,465

	For the Nine Months Ended September 30, 2015				For the Nine Months Ended September 30, 2014			
	Third party revenues	Intersegment revenues, net	Corporate Items, net	Direct revenues	Third party revenues	Intersegment revenues, net	Corporate Items, net	Direct revenues
Technical Services	$741,419	$ 108,037	$2,886	$852,342	$766,057	$ 116,812	$2,805	$885,674
Industrial and Field Services	807,423	(24,764)	(636)	782,023	510,696	(32,039)	220	478,877
Kleen Performance Products	296,738	(63,429)	(8)	233,301	413,282	(155,583)	(5)	257,694
SK Environmental	508,392	(26,331)	5	482,066	503,692	64,476	(58)	568,110

Services								
Lodging Services	68,782	1,899	127	70,808	136,148	1,991	52	138,191
Oil and Gas Field Services	138,992	4,588	141	143,721	226,319	4,343	(6)	230,656
Corporate Items	347	—	(2,515)	(2,168)	418	—	(3,008)	(2,590)
Total	$2,562,093	$—	$—	$2,562,093	$2,556,612	$—	$—	$2,556,612

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The following table presents Adjusted EBITDA information used by management for each reportable segment (in thousands). The Company does not allocate interest expense, income taxes, depreciation, amortization, accretion of environmental liabilities, other non-cash charges not deemed representative of fundamental segment results, and other expense (income) to its segments.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Adjusted EBITDA:				
Technical Services	$79,048	$86,928	$219,257	$233,402
Industrial and Field Services	62,460	20,303	145,850	67,391
Kleen Performance Products	12,123	21,473	23,471	49,252
SK Environmental Services	40,096	30,853	108,540	84,985
Lodging Services	1,827	15,972	12,589	49,196
Oil and Gas Field Services	1,579	9,545	800	27,688
Corporate Items	(31,526)	(31,717)	(103,501)	(120,772)
Total	$165,607	$153,357	$407,006	$391,142
Reconciliation to Consolidated Statements of Income:				
Accretion of environmental liabilities	2,577	2,642	7,795	7,975
Depreciation and amortization	69,060	70,049	205,189	205,480
Goodwill impairment charge	—	123,414	31,992	123,414
Income (loss) from operations	93,970	(42,748)	162,030	54,273
Other expense (income)	139	(613)	390	(4,136)
Interest expense, net of interest income	19,017	19,494	57,704	58,430
Income (loss) before provision for income taxes	$74,814	$(61,629)	$103,936	$(21)

The following table presents certain assets by reportable segment and in the aggregate (in thousands):

	September 30, 2015							
	Technical Services	Industrial and Field Services	Kleen Performance Products	SK Environmental Services	Lodging Services	Oil and Gas Field Services	Corporate Items	Totals
Property, plant and equipment, net	$464,705	$242,007	$193,576	$ 258,178	$112,708	$168,630	$91,744	$1,531,548
Goodwill	49,426	106,043	49,972	209,089	33,388	—	—	447,918
Permits and other intangible, net	74,885	15,375	142,898	260,327	7,791	17,719	—	518,995
Total assets	$806,451	$392,284	$497,627	$ 793,163	$187,461	$264,910	$657,965	$3,599,861

	December 31, 2014							
	Technical Services	Industrial and Field Services	Kleen Performance Products	SK Environmental Services	Lodging Services	Oil and Gas Field Services	Corporate Items	Totals
Property, plant and equipment, net	$412,323	$245,115	$201,451	$ 240,078	$141,965	$215,574	$102,328	$1,558,834
Goodwill	50,092	109,214	50,883	173,873	34,863	33,744	—	452,669
Permits and other intangible, net	74,870	17,801	151,041	252,897	10,744	22,727	—	530,080

Total assets	$756,169	$392,652	$538,921	$ 731,072	$231,782	$361,223	$692,459	$3,704,278

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The following table presents total assets by geographical area (in thousands):

	September 30, 2015	December 31, 2014
United States	$2,681,409	$2,572,494
Canada	914,690	1,128,458
Other foreign	3,762	3,326
Total	$3,599,861	$3,704,278

(17) GUARANTOR AND NON-GUARANTOR SUBSIDIARIES FINANCIAL INFORMATION

The 2020 Notes and 2021 Notes are guaranteed by substantially all of the Company's subsidiaries organized in the United States. Each guarantor for the 2020 Notes and 2021 Notes is a 100% owned subsidiary of the Company and its guarantee is both full and unconditional and joint and several. The 2020 Notes and 2021 Notes are not guaranteed by the Company’s Canadian or other foreign subsidiaries. The following presents supplemental condensed consolidating financial information for the parent company, the guarantor subsidiaries and the non-guarantor subsidiaries, respectively.

Revision of Previously Reported Condensed Consolidating Information - As discussed further in the Company's 2014 Annual Report on Form 10-K, during preparation of the December 31, 2014 financial statements, management determined that certain amounts in the Company’s condensed consolidating financial information as previously presented in this Guarantor And Non-Guarantor Subsidiaries footnote for the period ended September 30, 2014 was not presented in accordance with the requirements of Rule 3-10 of SEC Regulation S-X (“Rule 3-10”). The accompanying financial information related to the period ended September 30, 2014 has therefore been revised to correct the historical presentation. The revisions primarily relate to the following items:

- (Benefit) provision for income taxes - Excess provision for income taxes was allocated to Clean Harbors, Inc. and under allocated to U.S. Guarantor Subsidiaries.

- Equity in earnings of subsidiaries, net of tax - interest expense resulting from transactions between the U.S. Guarantor Subsidiaries and Foreign Non-Guarantor Subsidiaries was incorrectly excluded in the application of the equity method of accounting required by Rule 3-10 resulting in an overstatement of equity in earnings of subsidiaries, net of tax, as reflected in the financial information for the U.S. Guarantor Subsidiaries.

These revisions impacted the condensed consolidating information for the period ended September 30, 2014 as presented in this footnote only and did not affect any of the Company's consolidated financial statements or ratios based thereon. There was no impact to the Company's loan covenants as a result of these corrections.

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Following is the condensed consolidating balance sheet at September 30, 2015 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets:					
Cash and cash equivalents	$ 11,008	$ 66,074	$ 102,109	$ —	$ 179,191
Intercompany receivables	156,833	210,159	30,572	(397,564)	—
Accounts receivable, net	—	493,459	106,824	—	600,283
Other current assets	—	220,901	72,180	—	293,081
Property, plant and equipment, net	—	1,056,190	475,358	—	1,531,548
Investments in subsidiaries	2,566,095	547,520	—	(3,113,615)	—
Intercompany debt receivable	—	285,385	3,701	(289,086)	—
Goodwill	—	359,068	88,850	—	447,918
Permits and other intangibles, net	—	441,639	77,356	—	518,995
Other long-term assets	14,342	9,039	5,464	—	28,845
Total assets	$ 2,748,278	$ 3,689,434	$ 962,414	$ (3,800,265)	$ 3,599,861
Liabilities and Stockholders' Equity:					
Current liabilities	$ 18,558	$ 523,971	$ 82,487	$ —	$ 625,016
Intercompany payables	208,298	187,406	1,860	(397,564)	—
Closure, post-closure and remedial liabilities, net	—	155,386	19,291	—	174,677
Long-term obligations	1,395,000	—	—	—	1,395,000
Intercompany debt payable	3,701	—	285,385	(289,086)	—
Other long-term liabilities	—	256,576	25,871	—	282,447
Total liabilities	1,625,557	1,123,339	414,894	(686,650)	2,477,140
Stockholders' equity	1,122,721	2,566,095	547,520	(3,113,615)	1,122,721
Total liabilities and stockholders' equity	$ 2,748,278	$ 3,689,434	$ 962,414	$ (3,800,265)	$ 3,599,861

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Following is the condensed consolidating balance sheet at December 31, 2014 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets:					
Cash and cash equivalents	$ 1,006	$ 154,147	$ 91,726	$ —	$ 246,879
Intercompany receivables	133,219	156,920	39,724	(329,863)	—
Accounts receivables	—	414,205	142,926	—	557,131
Other current assets	—	241,232	81,191	—	322,423
Property, plant and equipment, net	—	970,757	588,077	—	1,558,834
Investments in subsidiaries	2,694,727	663,191	—	(3,357,918)	—
Intercompany debt receivable	—	327,634	3,701	(331,335)	—
Goodwill	—	324,930	127,739	—	452,669
Permits and other intangibles, net	—	435,906	94,174	—	530,080
Other long-term assets	16,801	12,959	6,502	—	36,262
Total assets	$ 2,845,753	$ 3,701,881	$ 1,175,760	$ (4,019,116)	$ 3,704,278
Liabilities and Stockholders' Equity:					
Current liabilities	$ 20,820	$ 444,059	$ 107,592	$ —	$ 572,471
Intercompany payables	163,361	164,231	2,271	(329,863)	—
Closure, post-closure and remedial liabilities, net	—	158,622	25,109	—	183,731
Long-term obligations	1,395,000	—	—	—	1,395,000
Intercompany debt payable	3,701	—	327,634	(331,335)	—
Other long-term liabilities	—	240,242	49,963	—	290,205
Total liabilities	1,582,882	1,007,154	512,569	(661,198)	2,441,407
Stockholders' equity	1,262,871	2,694,727	663,191	(3,357,918)	1,262,871
Total liabilities and stockholders' equity	$ 2,845,753	$ 3,701,881	$ 1,175,760	$ (4,019,116)	$ 3,704,278

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Following is the consolidating statement of income (loss) for the three months ended September 30, 2015 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Service revenues	$ —	$ 612,814	$ 162,680	$ (14,827)	$ 760,667
Product revenues	—	117,653	17,591	(2,545)	132,699
Total revenues	—	730,467	180,271	(17,372)	893,366
Cost of revenues (exclusive of items shown separately below)					
Service cost of revenues	—	413,878	124,625	(14,827)	523,676
Product cost of revenues	—	101,778	11,737	(2,545)	110,970
Total cost of revenues	—	515,656	136,362	(17,372)	634,646
Selling, general and administrative expenses	25	72,811	20,277	—	93,113
Accretion of environmental liabilities	—	2,277	300	—	2,577
Depreciation and amortization	—	46,951	22,109	—	69,060
Goodwill impairment charge	—	—	—	—	—
(Loss) income from operations	(25)	92,772	1,223	—	93,970
Other income (expense)	—	204	(343)	—	(139)
Interest (expense) income	(19,671)	613	41	—	(19,017)
Equity in earnings of subsidiaries, net of taxes	52,046	(2,341)	—	(49,705)	—
Intercompany interest income (expense)	—	5,666	(5,666)	—	—
Income (loss) before provision for income taxes	32,350	96,914	(4,745)	(49,705)	74,814
(Benefit) provision for income taxes	(7,878)	44,868	(2,404)	—	34,586
Net income (loss)	40,228	52,046	(2,341)	(49,705)	40,228
Other comprehensive loss	(53,541)	(53,541)	(34,150)	87,691	(53,541)
Comprehensive loss	$ (13,313)	$ (1,495)	$ (36,491)	$ 37,986	$ (13,313)

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Following is the consolidating statement of income (loss) for the three months ended September 30, 2014 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Service revenues	$—	$ 420,906	$ 235,569	$ 746	$ 657,221
Product revenues	—	167,492	26,713	39	194,244
Total revenues	—	588,398	262,282	785	851,465
Cost of revenues (exclusive of items shown separately below)					
Service cost of revenues	—	265,940	173,575	746	440,261
Product cost of revenues	—	149,270	8,837	39	158,146
Total cost of revenues	—	415,210	182,412	785	598,407
Selling, general and administrative expenses	25	71,139	28,537	—	99,701
Accretion of environmental liabilities	—	2,295	347	—	2,642
Depreciation and amortization	—	44,305	25,744	—	70,049
Goodwill impairment charge	—	105,466	17,948	—	123,414
(Loss) income from operations	(25)	(50,017)	7,294	—	(42,748)
Other income (expense)	—	2,592	(1,979)	—	613
Interest (expense) income	(19,622)	85	43	—	(19,494)
Equity in earnings of subsidiaries, net of taxes	(81,549)	(7,361)	—	88,910	—
Intercompany interest income (expense)	—	6,148	(6,148)	—	—
Loss before (benefit) provision for income taxes	(101,196)	(48,553)	(790)	88,910	(61,629)
(Benefit) provision for income taxes	(7,859)	32,996	6,571	—	31,708
Net loss	(93,337)	(81,549)	(7,361)	88,910	(93,337)
Other comprehensive (loss) income	(49,092)	(49,092)	32,335	16,757	(49,092)
Comprehensive (loss) income	$ (142,429)	$ (130,641)	$ 24,974	$ 105,667	$ (142,429)

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Following is the consolidating statement of income (loss) for the nine months ended September 30, 2015 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Service revenues	$ —	$ 1,659,739	$ 546,790	$ (48,185)	$ 2,158,344
Product revenues	—	349,524	63,239	(9,014)	403,749
Total revenues	—	2,009,263	610,029	(57,199)	2,562,093
Cost of revenues (exclusive of items shown separately below)					
Service cost of revenues	—	1,106,591	426,530	(48,185)	1,484,936
Product cost of revenues	—	315,322	42,597	(9,014)	348,905
Total cost of revenues	—	1,421,913	469,127	(57,199)	1,833,841
Selling, general and administrative expenses	75	247,472	73,699	—	321,246
Accretion of environmental liabilities	—	6,870	925	—	7,795
Depreciation and amortization	—	137,354	67,835	—	205,189
Goodwill impairment charge	—	4,164	27,828	—	31,992
(Loss) income from operations	(75)	191,490	(29,385)	—	162,030
Other income (expense)	—	483	(873)	—	(390)
Interest (expense) income	(58,962)	1,115	143	—	(57,704)
Equity in earnings of subsidiaries, net of taxes	78,956	(38,920)	—	(40,036)	—
Intercompany interest income (expense)	—	17,679	(17,679)	—	—
Income (loss) before (benefit) provision for income taxes	19,919	171,847	(47,794)	(40,036)	103,936
(Benefit) provision for income taxes	(23,615)	92,891	(8,874)	—	60,402
Net income (loss)	43,534	78,956	(38,920)	(40,036)	43,534
Other comprehensive loss	(118,713)	(118,713)	(76,752)	195,465	(118,713)
Comprehensive loss	$ (75,179)	$ (39,757)	$ (115,672)	$ 155,429	$ (75,179)

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Following is the consolidating statement of income (loss) for the nine months ended September 30, 2014 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Service revenues	$—	$ 1,325,266	$ 647,469	$(10,664)	$1,962,071
Product revenues	—	475,429	122,343	(3,231)	594,541
Total revenues	—	1,800,695	769,812	(13,895)	2,556,612
Cost of revenues (exclusive of items shown separately below)					
Service cost of revenues	—	872,999	471,108	(10,664)	1,333,443
Product cost of revenues	—	403,007	97,857	(3,231)	497,633
Total cost of revenues	—	1,276,006	568,965	(13,895)	1,831,076
Selling, general and administrative expenses	82	241,317	92,995	—	334,394
Accretion of environmental liabilities	—	6,931	1,044	—	7,975
Depreciation and amortization	—	128,496	76,984	—	205,480
Goodwill impairment charge	—	105,466	17,948	—	123,414
(Loss) income from operations	(82)	42,479	11,876	—	54,273
Other income	—	2,716	1,420	—	4,136
Interest (expense) income	(58,968)	537	1	—	(58,430)
Equity in earnings of subsidiaries, net of taxes	(20,275)	(13,525)	—	33,800	—
Intercompany dividend income	—	—	6,238	(6,238)	—
Intercompany interest income (expense)	—	24,368	(24,368)	—	—
(Loss) income before (benefit) provision for income taxes	(79,325)	56,575	(4,833)	27,562	(21)
(Benefit) provision for income taxes	(23,620)	76,850	2,454	—	55,684
Net loss	(55,705)	(20,275)	(7,287)	27,562	(55,705)
Other comprehensive (loss) income	(54,561)	(54,561)	9,090	45,471	(54,561)
Comprehensive (loss) income	$(110,266)	$ (74,836)	$ 1,803	$73,033	$(110,266)

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Following is the condensed consolidating statement of cash flows for the nine months ended September 30, 2015 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net cash from operating activities	$ 9,503	$ 240,713	$ 59,377	$ —	$ 309,593
Cash flows used in investing activities:					
Additions to property, plant and equipment	—	(162,329)	(27,670)	—	(189,999)
Proceeds from sales of fixed assets	—	1,177	2,563	—	3,740
Acquisitions, net of cash acquired	—	(79,610)	—	—	(79,610)
Costs to obtain or renew permits	—	(4)	(4,629)	—	(4,633)
Intercompany	—	(71,182)		71,182	—
Net cash used in investing activities	—	(311,948)	(29,736)	71,182	(270,502)
Cash flows used in financing activities:					
Change in uncashed checks	—	(16,635)	(5,247)	—	(21,882)
Exercise of stock options	397	—	—	—	397
Issuance of restricted shares, net of shares remitted	(2,027)	—	—	—	(2,027)
Repurchases of common stock	(69,155)	—	—	—	(69,155)
Excess tax benefit of stock-based compensation	102	—	—	—	102
Payments on capital leases	—	(203)	(297)	—	(500)
Intercompany	71,182	—	—	(71,182)	—
Net cash used in financing activities	499	(16,838)	(5,544)	(71,182)	(93,065)
Effect of exchange rate change on cash	—	—	(13,714)	—	(13,714)
Increase (decrease) in cash and cash equivalents	10,002	(88,073)	10,383	—	(67,688)
Cash and cash equivalents, beginning of period	1,006	154,147	91,726	—	246,879
Cash and cash equivalents, end of period	$ 11,008	$ 66,074	$ 102,109	$ —	$ 179,191

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Following is the condensed consolidating statement of cash flows for the nine months ended September 30, 2014 (in thousands):

	Clean Harbors, Inc.	U.S. Guarantor Subsidiaries	Foreign Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net cash (used in) from operating activities	$ (5,193)	$ 139,640	$ 80,178	$ (18,586)	$ 196,039
Cash flows used in investing activities:					
Additions to property, plant and equipment	—	(133,320)	(65,557)	—	(198,877)
Proceeds from sale of fixed assets	—	3,634	2,279	—	5,913
Acquisitions, net of cash acquired	—	(6,150)	—	—	(6,150)
Costs to obtain or renew permits	—	(589)	(4,854)	—	(5,443)
Proceeds from sale of long term investments	—	—	12,947	—	12,947
Intercompany	—	(55,997)	—	55,997	—
Other	—	—	914		914
Net cash used in investing activities	—	(192,422)	(54,271)	55,997	(190,696)
Cash flows from (used in) financing activities:					
Change in uncashed checks	—	579	(1,170)	—	(591)
Proceeds from employee stock purchase plan	4,364	—	—	—	4,364
Issuance of restricted shares, net of shares remitted	(2,668)	—	—	—	(2,668)
Repurchases of common stock	(48,329)	—	—	—	(48,329)
Excess tax benefit of stock-based compensation	829	—	—	—	829
Repayment of long-term obligations	(5,000)	—	—	—	(5,000)
Payments of capital leases	—	(129)	(1,553)	—	(1,682)
Dividends paid	—	(18,586)	—	18,586	—
Intercompany	55,997	—	—	(55,997)	—
Net cash from (used in) financing activities	5,193	(18,136)	(2,723)	(37,411)	(53,077)
Effect of exchange rate change on cash	—				