SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED
JUNE 30, 2001

Commission File Number 0-16379

CLEAN HARBORS, INC.

(Exact name of registrant as specified in its charter)

Massachusetts	04-2997780
(State of Incorporation)	(IRS Employer Identification No.)
1501 Washington Street, Braintree, MA	02184-7535
(Address of Principal Executive Offices)	(Zip Code)

(781) 849-1800 ext. 4454
(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

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	11,442,966
(Class)	(Outstanding at August 8, 2001)

CLEAN HARBORS, INC. AND SUBSIDIARIES

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PART I: FINANCIAL INFORMATION

CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
UNAUDITED
(in thousands except for earnings per share amounts)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
Revenues	$62,300	$62,242	$114,118	$114,979
Cost of revenues	43,110	42,795	81,561	81,904
Selling, general and administrative expenses	11,362	10,679	21,142	20,864
Depreciation and amortization	2,759	2,674	5,548	5,179
Income from operations	5,069	6,094	5,867	7,032
Interest expense, net	2,462	2,315	4,590	4,603
Income before provision for (benefit from) income taxes	2,607	3,779	1,277	2,429
Provision for (benefit from) income taxes	218	140	(80)	230
Net income	$ 2,389	$ 3,639	$ 1,357	$ 2,199
Basic earnings per share	$0.20	$0.32	$0.10	$ 0.18
Diluted earnings per share	$0.18	$0.32	$0.09	$ 0.18
Weighted average common shares outstanding	11,396	11,050	11,349	10,992
Weighted average common shares plus potentially dilutive common shares	12,703	11,107	12,052	11,138

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

CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	JUNE 30, 2001	DECEMBER 31, 2000
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 885	$ 2,629
Restricted investments	783	768
Accounts receivable, net of allowance for doubtful		

accounts of $1,611 and $1,549, respectively	48,197	47,201
Prepaid expenses	2,184	1,563
Supplies inventories	3,769	3,379
Income taxes receivable	122	203
Deferred tax assets	2,788	2,400
Total current assets	58,728	58,143
Property, plant and equipment:		
Land	8,478	8,478
Buildings and improvements	42,985	42,700
Vehicles and equipment	92,364	90,794
Furniture and fixtures	2,228	2,225
Construction in progress	2,005	794
	148,060	144,991
Less - Accumulated depreciation and amortization	93,739	89,389
Net property, plant and equipment	54,321	55,602
Other assets:		
Goodwill, net	19,416	19,799
Permits, net	11,120	11,667
Other	4,309	4,357
Total other assets	34,845	35,823
Total assets	$147,894	$149,568

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

CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	JUNE 30, 2001 (Unaudited)	DECEMBER 31, 2000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term obligations	$ 3,814	$ 2,405
Accounts payable	16,429	19,100
Accrued disposal costs	7,451	7,479
Other accrued expenses	12,511	12,601
Income taxes payable	308	137
Total current liabilities	40,513	41,722
Long-term obligations, less current maturities	60,699	64,853
Other	1,244	1,358
Total other liabilities	61,943	66,211
Stockholders' equity:		
Preferred Stock, $.01 par value:		
Series A Convertible;		
Authorized-2,000,000 shares; Issued and outstanding - none	---	---

Series B Convertible; Authorized-156,416 shares; Issued and outstanding 112,000 (liquidation preference of $5.6 million)	1	1
Common Stock, $.01 par value Authorized-20,000,000 shares; Issued and outstanding-11,414,108 and 11,216,107 shares, respectively	114	112
Additional paid-in capital	64,667	61,999
Accumulated deficit	(19,344)	(20,477)
Total stockholders' equity	45,438	41,635
Total liabilities and stockholders' equity	$147,894	$149,568

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

CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
(in thousands)

	SIX MONTHS ENDED JUNE 30,	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,357	$ 2,199
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,548	5,179
Allowance for doubtful accounts	342	342
Amortization of deferred financing costs	265	172
Deferred income taxes	(388)	---
(Gain) loss on sale of fixed assets	(19)	6
Changes in assets and liabilities:		
Accounts receivable	(1,338)	(7,764)
Prepaid expenses	(621)	(600)
Supplies inventories	(390)	(65)
Income taxes receivable	81	---
Other assets	48	(4)
Accounts payable	(3,360)	233
Accrued disposal costs	(28)	2,573
Other accrued expenses	(90)	1,054
Income taxes payable	171	123
Other liabilities	(114)	48
Net cash provided by operating activities	1,464	3,496
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(2,661)	(4,570)
Proceeds from the sale of fixed assets	32	43
Cost of restricted investments acquired	(15)	(552)
Net cash used in investing activities	$(2,644)	$(5,079)

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

CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
(in thousands)

	SIX MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of Senior Notes	$(50,000)	$ ---
Issuance of Subordinated Notes	35,000	---
Additional borrowings under term notes	19,000	3,000
Net borrowings (repayments) under long-term revolver	3,317	(527)
Payments on long-term obligations	(5,152)	(767)
Additions to deferred financing costs	(2,854)	---
Proceeds from exercise of stock options	29	69
Proceeds from employee stock purchase plan	96	121
Net cash provided by (used in) financing activities	(564)	1,896
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	(1,744)	313
Cash and cash equivalents, beginning of year	2,629	2,783
Cash and cash equivalents, end of period	$ 885	$3,096
Supplemental Information:		
Non cash investing and financing activities:		
Stock dividend on preferred stock	$ 224	$ 224

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

CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY
UNAUDITED
(in thousands)

	Series B Preferred Stock		Common Stock				
	Number of Shares	$0.01 Par Value	Number of Shares	$0.01 Par Value	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2000	112	$1	11,216	$112	$61,999	$(20,477)	$41,635
Net income	---	---	---	---	---	1,357	1,357
Warrants issued	---	---	---	---	2,321	---	2,321
Preferred stock dividends: Series B	---	---	105	1	223	(224)	---
Proceeds from exercise of stock options	---	---	29	---	29	---	29
Employee stock purchase plan	---	---	64	1	95	---	96
Balance at June 30, 2001	112	$1	11,414	$114	$64,667	$(19,344)	$45,438

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

NOTE 1 BASIS OF PRESENTATION

The consolidated interim financial statements included herein have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission, and include, in the opinion of management, all adjustments of a normal recurring nature necessary for the fair statement of results of interim periods. The operating results for the three and six months ended June 30, 2001 are not necessarily indicative of those to be expected for the full fiscal year. Reference is made to the audited consolidated financial statements and notes thereto included in the Company's Report on Form 10-K for the year ended December 31, 2000 as filed with the Securities and Exchange Commission.

NOTE 2 RECLASSIFICATIONS

As disclosed in Note 4, the Company had outstanding $50,000,000 of 12.50% Senior Notes due May 15, 2001 (the "Senior Notes") that were redeemed on April 30, 2001. Reclassifications were made between current maturities of long-term obligations and long-term obligations, less current maturities as of December 31, 2000 to reflect the post-balance-sheet-date issuance of the long-term obligations issued to refinance the Senior Notes.

NOTE 3 LEGAL MATTERS

As disclosed in the Form 10-K for the year ended December 31, 2000, the Company was the subject of a review by the US Environmental Protection Agency (the "US EPA") concerning the untimely delivery of certain railcars to the Clean Harbors' rail facility in Sterling, Colorado. In 1998, the Company determined that because the railcars had not been received in a timely fashion, the Company should have filed exception reports notifying regulators of the delay in arrival. The Company immediately filed the required reports with the appropriate regulators thereby coming into compliance with the regulation, and the Company implemented new internal reporting procedures to ensure that exception reports would be filed in a timely fashion. To the Company's knowledge, there have been no subsequent untimely filings.

No other infractions of any federal or state law were identified as a result of this review. Accordingly, the Company agreed to enter into Civil Consent Agreements with the US EPA to settle the matter without further proceedings and without formally admitting to any alleged violations.

NOTE 3 LEGAL MATTERS (CONTINUED)

The Company paid a penalty to the US EPA of $50,000 and donated $150,000 to the City of Sterling to purchase hazardous material apparatus for the City's fire department in connection with the settlement of the enforcement action taken by the US EPA for violations of the hazardous waste exception reporting requirements promulgated under the Resource Conservation and Recovery Act

(RCRA). The agreements and these payments effectively close this matter.

NOTE 4 FINANCING ARRANGEMENTS

The following table is a summary of the Company's long-term debt obligations:

	June 30, 2001	DECEMBER 31, 2000
	(IN THOUSANDS)	
Long-term obligations consist of the following:		
Economic development revenue bonds, bearing interest at 10.75%...........	$ 9,800	$ 9,800
Revolving credit with a financial institution, bearing interest at the Eurodollar rate (3.863% at June 30, 2001) plus 3.00% or the "prime" rate (7.00% at June 30, 2001) plus 1.50%, collateralized by substantially all assets..	4,711	1,394
Term Note B payable, bearing interest at the greater of the "prime" rate (7.00% at June 30, 2001) plus 3.50% or 12.00% collateralized by substantially all assets..	18,548	---
1999 Term Note payable..	---	4,200
2000 Term Note payable, bearing interest at the Eurodollar rate (3.863% at June 30, 2001) plus 3.00% or the "prime" rate (7.00% at June 30, 2001) plus 1.50% collateralized by substantially all assets.............	1,833	2,333
Subordinated Notes, bearing interest at 16%..............................	35,000	---
Senior Notes payable, bearing interest at 12.50%.........................	---	50,000
	69,892	67,727
Less: current maturities..	3,814	2,405
Less: unamortized financing costs.......................................	3,113	469
Less: issue discount on Subordinated Notes..............................	2,266	---
Long-term obligations..	$60,699	$64,853

NOTE 4 FINANCING ARRANGEMENTS (CONTINUED)

Below is a summary of minimum principal payments due under the Company's long-term obligations (in thousands):

YEAR	Amount
Last half 2001...	$ 1,957
2002...	3,814
2003...	3,147
2004...	7,525
2005...	2,814
Thereafter...	50,635
Total minimum payments due under long-term obligations including current maturities..............................	$69,892

The Company had outstanding $50,000,000 of 12.50% Senior Notes due May 15, 2001 (the "Senior Notes") that were redeemed on April 30, 2001. As described in the Form 10-K for the year ended December 31, 2000, the Company had at December 31, 2000 a $33,500,000 Loan Agreement (the "Loan Agreement") with a financial institution (the "Lender"). The Loan Agreement provided for a $24,500,000 revolving credit facility (the "Revolver"), a $6,000,000 term promissory note (the "1999 Term Note"), and a $3,000,000 term promissory note (the "2000 Term Note"). On April 12, 2001, the Company signed and closed a $51,000,000 Amended and Restated Loan Agreement (the "Amended Loan Agreement") with the Lender. The Amended Loan Agreement increased the amount available to borrow under the Revolver to $30,000,000 and extended the term of the Revolver to April 12, 2004. The Revolver allows the Company to borrow up to $30,000,000 in cash and letters of credit, based on a formula of eligible accounts receivable. Letters of credit may not exceed $20,000,000 at any one time. At June 30, 2001, borrowings on the

Revolver were $4,711,000, letters of credit outstanding were $11,640,000 and the amount available to borrow was $13,649,000. The Revolver requires the Company to pay an unused line fee of one-half of one percent on the unused portion of the line. The Amended Loan Agreement required the payment on April 12 of the then $3,800,000 outstanding balance on the 1999 Term Note and provided for the issuance of a new $19,000,000 term promissory note (the "Term Note B"). On April 12, 2001, $4,000,000 was advanced under Term Note B to pay the 1999 Term Note and other amounts then borrowed by the Company, and the $15,000,000 balance of Term Note B was advanced on April 30 towards the redemption of the Senior Notes. The interest rate for Term Note B is the greater of the prime rate plus 3.50% or 12.00%, and it is payable in 84 monthly installments commencing May 1, 2001. The terms of the 2000 Term Note remain unchanged.

NOTE 4 FINANCING ARRANGEMENTS (CONTINUED)

The Amended Loan Agreement allows for up to 80% of the outstanding balance of the Revolver and 100% of the balance of the 2000 Term Note to bear interest at the Eurodollar rate plus three percent; the remaining balance bears interest at the "prime" rate plus one and one-half percent. The Amended Loan Agreement is collateralized by substantially all of the Company's assets, and the Amended Loan Agreement provides for certain covenants including, among others, maintenance of a minimum level of working capital, adjusted net worth and earnings before interest, income taxes, depreciation and amortization ("EBITDA"). The Amended Loan Agreement requires that the Company maintain $10,000,000 of working capital excluding the current portion of liabilities under the Amended Loan Agreement and the Subordinated Note Agreement. The Company had $21,926,000 of working capital on June 30, 2001, excluding the current portion of these notes. The net worth covenant requires adjusted net worth, defined as net worth plus the balance owed on the subordinated notes, to be greater than $60,000,000. At June 30, 2001, the adjusted net worth was $80,438,000. The Amended Loan Agreement requires that the Company maintain on a rolling four quarter basis a minimum EBITDA of $20,000,000. For the four quarter period ended June 30, 2001 the Company reported EBITDA of $24,129,000. The Amended Loan Agreement also requires that the Company maintain a Senior Debt to EBITDA ratio of not more than 2.25 to 1.0. At June 30, 2001 Senior Debt to EBITDA ratio was 1.53 to 1.0.

On April 30, 2001, the Company issued $35,000,000 of 16% Senior Subordinated Notes (the "Subordinated Notes") under a Securities Purchase Agreement (the "Subordinated Note Agreement"). Until October 30, 2006, the Company, at its option, may pay the interest at the 16% rate or may pay interest at 14% and defer payment of the remaining 2% in the form of like notes until the Subordinated Notes are due. Interest payable in cash on the Subordinated Notes is due in semi-annual payments on April 30 and October 30. In conjunction with the Subordinated Notes, the Company issued detachable warrants for 1,519,020 shares of common stock that are exercisable at $0.01 per share and expire on April 30, 2008. The Subordinated Notes yield 17.02% when the debt issue discount relating to the warrants is included. One-half of the Subordinated Notes are due on April 30, 2007 with the balance due on April 30, 2008. The Subordinated Note Agreement provides that the holders of the Subordinated Notes will be able to call the Notes in the event of a change in control of the Company.

The Subordinated Note Agreement contains covenants the most restrictive of which require that the Company maintain a rolling four quarter fixed charge coverage ratio of not less than 1.10 to 1.0. For the four quarters ended June 30, 2001, the fixed charge coverage ratio was 1.43 to 1.0. The Subordinated Notes require that the Company maintain a tangible capital base of not less than $27,000,000 for the quarter ending June 30, 2001, not less than $30,500,000 for the quarter ending September 30, 2001, not less than $33,000,000 for the quarter ending December 31, 2001 and not less than $35,500,000 for quarters ending thereafter. At June

NOTE 4 FINANCING ARRANGEMENTS (CONTINUED)

30, 2001, the tangible capital base was $49,902,000. The Company is required to maintain rolling four quarter earnings before interest, income taxes, depreciation and amortization (EBITDA) of not less than $18,000,000. For the four quarter period ended June 30, 2001, EBITDA was $24,129,000. The Company shall maintain a priority debt to EBITDA ratio calculated as of the last day of each fiscal quarter of not more than 2.25 to 1.0. Priority debt at June 30, 2001 consisted of debt issued under the Loan Agreement. The priority debt to EBITDA ratio on June 30, 2001 was 1.04 to 1.0. The Company is required to maintain a ratio of total liabilities to tangible capital base of not more than 3.00 to 1.0 for the fiscal quarters ending June 30, September 30 and December 31, 2001 and for the quarters ending March 31, 2002 and thereafter a ratio of not more than 2.75 to 1.0. At June 30, 2001 the total liabilities to tangible capital base ratio was 1.35 to 1.0.

Effective June 1, 2000, the Bond Documents under which the Company has outstanding $9,800,000 of industrial revenue bonds (the "Bonds") were amended in order to modify the limitation on additional debt covenant and certain related debt service reserve fund requirements. Under the amended Bond Documents, the Company may now issue Bank Debt up to $35,000,000 provided that after the issuance, the ratio of the Company's total debt to total capital (debt plus stockholders' equity) does not exceed 72% (which ratio will be reduced to 70% on January 1, 2006 and 65% on January 1, 2011). Although the debt to total capital ratio was less than 72% and thus within covenant, the amended Bond Documents require that the Company make six equal monthly payments of $125,000 each for a total of $750,000 into a debt service reserve fund held by the trustee, if either of the following occurs: (i) the Company's ratio of earnings before interest, taxes, depreciation and amortization ("EBITDA") to total interest (the "EBITDA coverage ratio") for the most recently completed fiscal year is less than 1.5 to 1.0, or (ii) the Company's ratio of debt to total capital at the end of such fiscal year is greater than 65%. Because the Company did not satisfy both of these ratios as of December 31, 1999, the amended Bond Documents required that the Company make six monthly payments of $125,000 each into the debt service reserve fund commencing on June 1, 2000, for total of $750,000. In addition to the $750,000 required to be deposited into the debt service reserve fund based upon the level of the Company's additional debt, the Company could be required to make additional payments to bring the total of the debt service reserve fund to a maximum of approximately $1,200,000 (including the $750,000 described above) if the EBITDA coverage ratio for any fiscal year is less than 1.25 to 1.0. The EBITDA coverage ratio for the year ended December 31, 2000 was 2.24 to 1.0, and the Company was therefore not required to make any such additional payments into the debt service reserve fund based upon the Company's EBITDA coverage ratio. The maximum amount of the debt service reserve fund of approximately $1,200,000 is the same as under the Bond Documents prior to the amendment, but the amendment modified the terms under which the Company may be required to make payments into the fund described above.

NOTE 4 FINANCING ARRANGEMENTS (CONTINUED)

As of June 30, 2001, Bank Debt totaled $25,092,000 which was less than the $35,000,000 allowed; the Company's total debt to total capital ratio was 60.6% which is less than the 72.0% allowed; and the EBITDA coverage ratio was 2.06 to 1.0 which is greater than the 1.50 to 1.0 required. Under the Bond covenants, if the Company attains an EBITDA coverage ratio of greater than 1.5 to 1.0 as of any fiscal yearend beginning with December 31, 2001, the balance on deposit in the debt service reserve fund in excess of $750,000 will be released for the Company's general use. The Bond Documents require that a minimum balance of $750,000 be maintained in the debt service reserve fund until the Bonds mature.

NOTE 5 INCOME TAXES

SFAS 109, "Accounting for Income Taxes," requires that a valuation allowance be established when, based on an evaluation of objective verifiable evidence, there is a likelihood that some portion or all of the deferred tax assets will not be realized. The Company continually reviews the adequacy of the valuation allowance for deferred tax assets, and, in 1998, based upon this review, the valuation allowance was increased to cover the value of all net deferred tax assets. In the fourth quarter of 2000, the Company once again reviewed the valuation allowance for deferred tax assets. Based on the level of earnings for 2000 and management's projections for profits in future years, it was determined that it was more likely than not that $2,400,000 of the net deferred tax assets would be utilized. Accordingly, the fourth quarter 2000 provision for income taxes included a $2,400,000 benefit relating to adjusting the valuation reserve. The actual realization of the net operating loss carryforwards and other tax assets depend on having future taxable income of the appropriate character prior to their expiration. If the Company reports earnings from operations in the future, and depending on the level of these earnings, some portion or all of the valuation allowance would be reversed, which would increase net income reported in future periods.

In the second quarter of 2001, the Company recorded $137,000 of tangible property and net worth taxes that are levied as a component of state income taxes, and the Company wrote off an $81,000 income tax refund that was rejected by the Internal Revenue Service. In the second quarter of 2000, the Company recorded $90,000 of state income taxes and $50,000 in federal alternative minimum taxes. In the first half of 2001, the Company recorded a $388,000 tax benefit relating to the first quarter loss which was partially offset by $227,000 in state income taxes and the $81,000 income tax refund that was written off. In the first half of 2000, the Company recorded $180,000 in state income tax expense and $50,000 in federal alternative minimum taxes.

NOTE 5 INCOME TAXES (CONTINUED)

During the ordinary course of its business, the Company is audited by federal and state tax authorities which may result in proposed assessments. In 1996, the Company received a notice of intent to assess state income taxes of $3,000,000 from one of the states in which it operates. In the second quarter of 2001, the State reduced its demand from the $3,000,000 originally demanded to $500,000. The case is currently undergoing administrative appeal. If the Company loses the administrative appeal, the Company may be required to make a payment of approximately $500,000 plus accrued interest to the state. The Company cannot currently predict when the decision for the administrative appeal will be made. The Company believes that it has properly reported its state income and intends to contest the assessment vigorously. While the Company believes that the final outcome of the dispute will not have a material adverse effect on the Company's financial condition or results of operations, no assurance can be given as to the final outcome of the dispute, the amount of any final adjustments or the potential impact of such adjustments on the Company's financial condition or results of operations.

NOTE 6 EARNINGS PER SHARE

The following is a reconciliation of basic and diluted income per share computations (in thousands except for per share amounts):

	Three Months Ended June 30, 2001		
	Income (Numerator)	Shares (Denominator)	Per-Share Income
Net income	$2,389		
Less preferred dividends	112		
Basic EPS (income available to shareholders)	2,277	11,396	0.20
Effect of dilutive securities	---	1,307	(0.02)
Diluted EPS Income available to common shareholders plus assumed conversions	$2,277	12,703	$0.18

NOTE 6 EARNINGS PER SHARE (CONTINUED)

	Three Months Ended June 30, 2000		
	Income (Numerator)	Shares (Denominator)	Per-Share Income
Net income	$3,639		
Less preferred dividends	112		
Basic EPS (income available to shareholders)	3,527	11,050	0.32
Effect of dilutive securities	---	57	---
Diluted EPS Income available to common shareholders plus assumed conversions	$3,527	11,107	$0.32

	Six Months Ended June 30, 2001		
	Income (Numerator)	Shares (Denominator)	Per-Share Income

Net income	$1,357		
Less preferred dividends	224		
Basic EPS (income available to shareholders)	1,133	11,349	0.10
Effect of dilutive securities	---	703	(0.01)
Diluted EPS Income available to common share-holders plus assumed conversions	1,133	12,052	$0.09

NOTE 6 EARNINGS PER SHARE (CONTINUED)

	Six Months Ended June 30, 2000		
	Income (Numerator)	Shares (Denominator)	Per-Share Income
Net income	$2,199		
Less preferred dividends	224		
Basic EPS (income available to shareholders)	1,975	10,992	0.18
Effect of dilutive securities	---	146	---
Diluted EPS Income available to common shareholders plus assumed conversions	$1,975	11,138	$0.18

The Company has issued options, warrants and convertible preferred stock which are potentially dilutive to earnings. For the three months ended June 30, 2001, some of the options outstanding are dilutive while the convertible preferred stock is not dilutive. For the six months ended June 30, 2001, the warrants issued in conjunction with the Subordinated Notes as described in Note 4 and some of the options outstanding are dilutive while the convertible preferred stock is not dilutive. The warrants outstanding at December 31, 2000 expired in the first quarter of 2001 without being exercised. For the three and six months ended June 30, 2000 some of the options outstanding but none of the warrants or convertible preferred stock then outstanding are dilutive. Only those options and warrants where the exercise price was less than the average market price of the common shares for the period are included in the above calculations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statement

In addition to historical information, this Quarterly Report contains forward-looking statements, which are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans to," "estimates," "projects," or similar expressions. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause such a difference include, but are not limited to those discussed in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations-Factors That May Affect Future Results." Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. The Company undertakes no obligation to revise or publicly release the results of any revision to these forward-looking statements. Readers should carefully review the risk factors described in other documents the Company files from time to time with the Securities and Exchange Commission.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated certain operating data associated with the Company's results of operations.

	Percentage of Total Revenues			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Revenues	100.0%	100.0%	100.0%	100.0%
Cost of revenues:				
Disposal costs paid to third parties	9.6	11.4	9.0	11.9
Other costs	59.6	57.3	62.5	59.3
Total cost of revenues	69.2	68.7	71.5	71.2
Selling, general and administrative expenses	18.3	17.2	18.5	18.2
Depreciation and amortization of intangible assets	4.4	4.3	4.9	4.5
Income from operations	8.1%	9.8%	5.1%	6.1%

RESULTS OF OPERATIONS (CONTINUED)

Three Months Ended Six Months Ended

	June 30,		June 30,	
	2001	2000	2001	2000
Other Data:				
Earnings before interest, taxes, depreciation and amortization (EBITDA) (in thousands)	$7,828	$8,768	$11,415	$12,211

REVENUES

Revenues for the second quarter of 2001 were $62,300,000, an increase of $58,000 from $62,242,000 of revenues for the second quarter of 2000. Site services revenues decreased by $3,003,000 due to a greater amount of higher margin emergency response events in 2000 as compared to 2001. Transportation and disposal revenue increased by $3,003,000, reflecting growth in the Company's base customer business.

Revenues for the first half of 2001 were $114,118,000, a decrease of $861,000 or 0.7% from $114,979,000 of revenues for the first half of 2000. Site services revenues decreased by $4,692,000 due to a greater amount of higher margin emergency response events in 2000 as compared to 2001. Transportation and disposal revenue increased by $4,973,000, reflecting growth in the Company's base customer business.

There are many factors which have impacted, and continue to impact, the Company's revenues. These factors include: competitive industry pricing; continued efforts by generators of hazardous waste to reduce the amount of hazardous waste they produce; significant consolidation among treatment and disposal companies; industry-wide over capacity; and direct shipment by generators of waste to the ultimate treatment or disposal location.

The Company believes that its ability to manage operating costs is an important factor in its ability to remain price competitive. The Company continues to upgrade the quality and efficiency of its waste treatment services through the development of new technology and continued modifications and upgrades at its facilities. In addition, the Company uses strategic sourcing initiatives in order to reduce operating costs by identifying suppliers that are able to supply goods and services at lower costs, by obtaining volume discounts where the Company is currently purchasing goods and services from various suppliers and consolidating these purchases with a small number of suppliers, and by reducing the internal costs of purchasing goods and services by reducing the number of suppliers that the Company uses through reducing the number of purchase orders that must be prepared and invoices that must be processed. No assurance can be given that the Company's efforts to manage future operating expenses will be successful. Efforts to reduce costs are ongoing.

COST OF REVENUES

Cost of revenues were $43,110,000 for the quarter ended June 30, 2001 compared to $42,795,000 for the quarter ended June 30, 2000, an increase of $315,000 or 0.7%. As a percentage of revenues, cost of revenues increased from 68.7% for the quarter ended June 30, 2000 to 69.2% for the quarter ended June 30, 2001. One of the largest components of cost of revenues is the cost of sending waste to other companies for disposal. Disposal costs paid to third parties as a percentage of revenues declined from 11.4% for the quarter ended June 30, 2000 to 9.6% for the quarter ended June 30, 2001. This decrease was due to continuing efforts to internalize the disposal of waste, to develop alternative lower cost disposal technologies and to identify lower cost suppliers. Other costs of revenues as a percentage of revenues increased from 57.3% for the quarter ended June 30, 2000 to 59.6% for the quarter ended June 30, 2001. Other costs increased as a percentage of revenues due to less higher margin emergency response work performed in the second quarter of 2001 as compared to the second quarter of 2000.

Cost of revenues were $81,561,000 for the six months ended June 30, 2001 compared to $81,904,000 for the six months ended June 30, 2000, a decrease of $343,000. As a percentage of revenues, cost of revenues increased from 71.2% for the six months ended June 30, 2000 to 71.5% for the six months ended June 30, 2001. Disposal costs paid to third parties as a percentage of revenues declined from 11.9% for the six months ended June 30, 2000 to 9.0% for the six months ended June 30, 2001. This decrease was due to continuing efforts to internalize the disposal of waste, to develop alternative lower cost disposal technologies and to identify lower cost suppliers. Other costs of revenues as a percentage of revenues increased from 59.3% for the six months ended June 30, 2000 to 62.5% for the six months ended June 30, 2001. Other costs increased as a percentage of revenues due to less higher margin emergency response work performed in the first half of 2001 as compared to the first half of 2000.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased to $11,362,000 for the quarter ended June 30, 2001 from $10,679,000 for the quarter ended June 30, 2000, an increase of $683,000 or 6.4%. Increases in expenses primarily consisted of $350,000 for two legal matters, $340,000 of costs related to the refinancing of the Senior Notes, an increase in the 401(K) match which was implemented in order to improve recruitment and retention of employees, and a charge taken to write down the carrying value of the Natick, Massachusetts facility to its net realizable value. These increases in expenses were partially offset by a decrease in expense for commissions and the management incentive program due to the Company not fully meeting its sales and profitability goals for the second quarter of 2001 while these goals were reached in the second quarter of 2000.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (CONTINUED)

Selling, general and administrative expenses increased to $21,142,000 for the six months ended June 30, 2001 from $20,864,000 for the six months ended June 30, 2000, an increase of $278,000 or 1.3%. Increases in expenses primarily consisted of $350,000 for two legal matters, $340,000 of costs related to the refinancing of the Senior Notes, an increase in the 401(K) match which was implemented in order to improve recruitment and retention of employees, and a charge taken to write down the carrying value of the Natick, Massachusetts facility to its net realizable value. These increases in expenses were partially offset by a decrease in expense for commissions and the management incentive program due to the Company not fully meeting its sales and profitability goals for the first half of 2001 while these goals were reached in the first half of 2000.

INTEREST EXPENSE, NET

Interest expense net of interest income was $2,462,000 for the second quarter of 2001 as compared to $2,315,000 for the second quarter of 2000. As further discussed under "Financial Condition and Liquidity" later in this report, on April 30, 2001 the Company redeemed $50,000,000 of Senior Notes. Interest expense increased due to the higher interest rates on the debt issued to refinance the Senior Notes. Partially offsetting this increase is a decrease in expense due to lower average balances of debt outstanding.

Interest expense net of interest income was $4,590,000 for the first half of 2001 as compared to $4,603,000 for the first half of 2000. Interest expense decreased due to lower average balances of debt outstanding. Partially offsetting this decrease is an increase in expense due to the higher interest rates on the debt issued to refinance the Senior Notes.

INCOME TAXES

SFAS 109, "Accounting for Income Taxes," requires that a valuation allowance be established when, based on an evaluation of objective verifiable evidence, there is a likelihood that some portion or all of the deferred tax assets will not be realized. The Company continually reviews the adequacy of the valuation allowance for deferred tax assets, and, in 1998, based upon this review, the valuation allowance was increased to cover the value of all net deferred tax assets. In the fourth quarter of 2000, the Company once again reviewed the valuation allowance for deferred tax assets. Based on the level of earnings for 2000 and management's projections for profits in future years, it was determined that it was more likely than not that $2,400,000 of the net deferred tax assets would be utilized. Accordingly, the fourth quarter 2000 provision for income taxes included a $2,400,000 benefit relating to adjusting the valuation reserve. The actual realization of the net operating loss carryforwards and other tax assets depend on having future taxable income of the appropriate character prior to their expiration. If the Company reports earnings from operations in the future, and depending on the level of these earnings, some portion or all of the valuation allowance would be reversed, which would increase net income reported in future periods.

INCOME TAXES (CONTINUED)

In the second quarter of 2001, the Company recorded $137,000 of tangible property and net worth taxes that are levied as a component of state income taxes, and the Company wrote off an $81,000 income tax refund that was rejected by the Internal Revenue Service. In the second quarter of 2000, the Company recorded $90,000 of state income taxes and $50,000 in federal alternative minimum taxes. In the first half of 2001, the Company recorded a $388,000 tax benefit relating to the first quarter loss which was partially offset by $227,000 in state income taxes and the $81,000 income tax refund that was written off. In the first half of 2000, the Company recorded $180,000 in state income tax expense and $50,000 in federal alternative minimum taxes.

During the ordinary course of its business, the Company is audited by federal and state tax authorities which may result in proposed assessments. In 1996, the Company received a notice of intent to assess state income taxes of $3,000,000 from one of the states in which it operates. In the second quarter of 2001, the state reduced its demand from the $3,000,000 orginally demanded to $500,000. The case is currently undergoing administrative appeal. If the Company loses the administrative appeal, the Company may be required to make a payment of approximately $500,000 plus accrued intrest to the state. The Company cannot currently predict when the decision for the administrative appeal will be made. The Company believes that it has properly reported its state income and intends to contest the assessment vigorously. While the Company believes that the final outcome of the dispute will not have a material adverse effect on the Company's financial condition or results of operations, no assurance can be given as to the final outcome of the dispute, the amount of any final adjustments or the potential impact of such adjustments on the Company's financial condition or results of operations.

FACTORS THAT MAY AFFECT FUTURE RESULTS

The Company's future operating results may be affected by a number of factors, including the Company's ability to: utilize its facilities and workforce profitably in the face of intense price competition; maintain or increase market share in an industry which appears to be downsizing and consolidating; realize benefits from cost reduction programs; generate incremental volumes of waste to be handled through its facilities from existing sales offices and service centers; obtain sufficient volumes of waste at prices which produce revenue sufficient to offset the operating costs of the facilities; minimize downtime and disruptions of operations; and develop the industrial services business.

The future operating results of the Company's incinerator may be affected by factors such as its ability to: obtain sufficient volumes of waste at prices which produce revenue sufficient to offset the operating costs of the facility; minimize downtime and disruptions of operations; and compete successfully against other incinerators which have an established share of the incineration market.

FACTORS THAT MAY AFFECT FUTURE RESULTS (CONTINUED)

The Company's operations may be affected by the commencement and completion of major site remediation projects; cleanup of major spills or other events; seasonal fluctuations due to weather and budgetary cycles influencing the timing of customers' spending for remedial activities; the timing of regulatory decisions relating to hazardous waste management projects; changes in regulations governing the management of hazardous waste; secular changes in the waste processing industry towards waste minimization and the propensity for delays in the remedial market; suspension of governmental permits; and fines and penalties for noncompliance with the myriad of regulations governing the Company's diverse operations. As a result of these factors, the Company's revenue and income could vary significantly from quarter to quarter, and past financial performance should not be considered a reliable indicator of future performance.

Typically during the first quarter of each calendar year there is less demand for environmental remediation due to the cold weather, particularly in the Northeast and Midwest regions, and increased possibility of unplanned weather related plant shutdowns.

FINANCIAL CONDITION AND LIQUIDITY

For the six months ended June 30, 2001, the Company generated $1,464,000 of cash from operations. Sources of operating cash totaled $7,812,000 and consisted primarily of $1,357,000 of net income for the period, non-cash expenses of $5,548,000 for depreciation and amortization, $342,000 for the allowance for doubtful accounts and $265,000 for the amortization of deferred financing costs. Partially offsetting these sources of cash were uses of cash of $6,348,000 which was largely due to lower levels of accounts payable of $3,360,000 at June 30, 2001 as compared to December 31, 2000. The increase in accounts receivable of $1,338,000 compared to the level at December 31, 2000, which was in turn due to the higher level of sales in the second quarter of 2001 as compared to the fourth quarter of 2000 accounted for the next largest use of funds from operations.

For the six months ended June 30, 2001, the Company used $2,644,000 in investing activities which consisted primarily of $2,661,000 of additions to property, plant and equipment and an increase in restricted investments of $15,000 relating to interest earned on the debt service reserve fund for the industrial revenue bonds. These uses of funds were partially offset by proceeds from the sale of fixed assets of $32,000.

For the six months ended June 30, 2001, the Company used $564,000 in financing activities. As further discussed later in this section of the report, on April 30, 2001 the Company redeemed $50,000,000 of Senior Notes. Sources of funds consist of the issuance of Subordinated Notes of $35,000,000, borrowings under Term Note B of $19,000,000, net borrowings under the revolving line of credit of $3,317,000, proceeds from the employee stock purchase plan of $96,000 and proceeds from the exercise of stock options of $29,000. These sources of funds were used to redeem the $50,000,000 of Senior Notes, to reduce long-term obligations by $5,152,000 and to fund the cost of refinancing the long-term debt of $2,854,000.

FINANCIAL CONDITION AND LIQUIDITY (CONTINUED)

For the six months ended June 30, 2000, the Company generated $3,496,000 of cash from operations. Sources of operating cash totaled $11,929,000 and consisted primarily of $2,199,000 of net income for the period, non-cash expenses of $5,179,000 for depreciation and amortization, $342,000 for the allowance for doubtful accounts and $172,000 for the amortization of deferred financing costs. Additional sources of cash were increases in accrued disposal costs of $2,573,000 and other accrued expenses of $1,054,000. These increases in liabilities were due primarily to the greater amount of business performed in the second quarter of 2000 as compared to the fourth quarter of 1999. Partially offsetting these sources of cash were uses of cash of $8,433,000 which were primarily due to higher levels of accounts receivable at June 30, 2000 as compared to December 31, 1999 which was in turn due to the higher levels of business in the second quarter of 2000 as compared to the fourth quarter of 1999.

In addition, the Company obtained $1,896,000 of cash from financing activities which consisted of additional borrowings under the term note of $3,000,000 and which was partially offset by repayments under the revolving line of credit of $527,000 and repayments under the term notes of $767,000. Additional sources of cash from financing activities consisted of proceeds from the exercise of stock options of $69,000 and proceeds from issuances of stock under the employee stock purchase plan of $121,000.

The $3,496,000 of cash generated from operations plus the $1,896,000 provided by financing activities together with $43,000 in proceeds from the sale of fixed assets was used to purchase property, plant and equipment of $4,570,000, to purchase $552,000 of restricted investments and to increase the amount of cash on hand by $313,000.

The Company had outstanding $50,000,000 of 12.50% Senior Notes due May 15, 2001 (the "Senior Notes") that were redeemed on April 30, 2001. As described in the Form 10-K for the year ended December 31, 2000, the Company had at December 31, 2000 a $33,500,000 Loan Agreement (the "Loan Agreement") with a financial institution (the "Lender"). The Loan Agreement provided for a $24,500,000 revolving credit facility (the "Revolver"), a $6,000,000 term promissory note (the "1999 Term Note"), and a $3,000,000 term promissory note (the "2000 Term Note"). On April 12, 2001, the Company signed and closed a $51,000,000 Amended and Restated Loan Agreement (the "Amended Loan Agreement") with the Lender. The Amended Loan Agreement increased the amount available to borrow under the Revolver to $30,000,000 and extended the term of the Revolver to April 12, 2004. The Revolver allows the Company to borrow up to $30,000,000 in cash and letters of credit, based on a formula of eligible accounts receivable. Letters of credit may not exceed $20,000,000 at any one time. At June 30, 2001, borrowings on the Revolver were $4,711,000, letters of credit outstanding were $11,640,000 and the amount available to borrow was $13,649,000. The Revolver requires the

Company to pay an unused line fee of one-half of one percent on the unused portion of the line. The Amended Loan Agreement required the payment on April 12 of the then $3,800,000 outstanding balance on the 1999 Term Note and provided for the issuance of a new $19,000,000 term promissory note (the "Term Note B"). On April 12, 2001, $4,000,000 was advanced under Term Note B to pay the 1999 Term Note and other amounts then borrowed by the Company, and the $15,000,000 balance of Term Note B was advanced on April 30 towards the redemption of the Senior Notes. The interest rate for Term Note B is the greater of the prime rate plus 3.50% or

FINANCIAL CONDITION AND LIQUIDITY (CONTINUED)

12.00%, and it is payable in 84 monthly installments commencing May 1, 2001. The terms of the 2000 Term Note remain unchanged.

The Amended Loan Agreement allows for up to 80% of the outstanding balance of the Revolver and 100% of the balance of the 2000 Term Note to bear interest at the Eurodollar rate plus three percent; the remaining balance bears interest at the "prime" rate plus one and one-half percent. The Amended Loan Agreement is collateralized by substantially all of the Company's assets, and the Amended Loan Agreement provides for certain covenants including, among others, maintenance of a minimum level of working capital, adjusted net worth and earnings before interest, income taxes, depreciation and amortization ("EBITDA"). The Amended Loan Agreement requires that the Company maintain $10,000,000 of working capital excluding the current portion of liabilities under the Amended Loan Agreement and the Subordinated Note Agreement. The Company had $21,926,000 of working capital on June 30, 2001, excluding the current portion of these notes. The net worth covenant requires adjusted net worth, defined as net worth plus the balance owed on the Subordinated Notes, to be greater than $60,000,000. At June 30, 2001, the adjusted net worth was $80,438,000. The Amended Loan Agreement requires that the Company maintain on a rolling four quarter basis a minimum EBITDA of $20,000,000. For the four quarter period ended June 30, 2001 the Company reported EBITDA of $24,129,000. The Amended Loan Agreement also requires that the Company maintain a Senior Debt to EBITDA ratio of not more than 2.25 to 1.0. At June 30, 2001 Senior Debt to EBITDA ratio was 1.52 to 1.0.

On April 30, 2001, the Company issued $35,000,000 of 16% Senior Subordinated Notes (the "Subordinated Notes") under a Securities Purchase Agreement (the "Subordinated Note Agreement"). Until October 30, 2006, the Company, at its option, may pay the interest at the 16% rate or may pay interest at 14% and defer payment of the remaining 2% in the form of like notes until the Subordinated Notes are due. Interest payable in cash on the Subordinated Notes is due in semi-annual payments on April 30 and October 30. In conjunction with the Subordinated Notes, the Company issued detachable warrants for 1,519,020 shares of common stock that are exercisable at $0.01 per share and expire on April 30, 2008. The Subordinated Notes yield 17.02% when the debt issue discount relating to the warrants is included. One-half of the Subordinated Notes are due on April 30, 2007 with the balance due on April 30, 2008. The Subordinated Note Agreement provides that the holders of the Subordinated Notes will be able to call the Notes in the event of a change in control of the Company.

The Subordinated Note Agreement contains covenants the most restrictive of which require that the Company maintain a rolling four quarter fixed charge coverage ratio of not less than 1.10 to 1.0. For the four quarters ended June 30, 2001, the fixed charge coverage ratio was 1.43 to 1.0. The Subordinated Notes require that the Company maintain a tangible capital base of not less than $27,000,000 for the quarter ending June 30, 2001, not less than $30,500,000 for the quarter ending September 30, 2001, not less than $33,000,000 for the quarter ending December 31, 2001 and not less than $35,500,000 for quarters ending thereafter. At June 30, 2001, the tangible capital base was $49,902,000. The Company is required to maintain rolling four quarter earnings before interest, income taxes, depreciation and amortization (EBITDA) of not less than $18,000,000. For the four quarter period ended June 30, 2001, EBITDA was $24,129,000. The Company shall maintain a priority debt to EBITDA ratio calculated as of the last day of each fiscal quarter of not more than 2.25 to 1.0. Priority debt at June 30, 2001 consisted of debt issued under the Loan Agreement. The priority debt to EBITDA ratio on June 30, 2001 was 1.04 to 1.0. The Company is required to maintain a ratio of total liabilities to tangible capital base of not more than 3.00 to 1.0 for the fiscal quarters ending June 30, September 30 and December 31, 2001 and for the quarters ending March 31, 2002 and thereafter a ratio of not more than 2.75 to 1.0. At June 30, 2001 the total liabilities to tangible capital base ratio was 1.35 to 1.0.

Effective June 1, 2000, the Bond Documents under which the Company has outstanding $9,800,000 of industrial revenue bonds (the "Bonds") were amended in order to modify the limitation on additional debt covenant and certain related debt service reserve fund requirements. Under the amended Bond Documents, the Company may now issue Bank Debt up to $35,000,000 provided that after the issuance, the ratio of the Company's total debt to total capital (debt plus stockholders' equity) does not exceed 72% (which ratio will be reduced to 70% on January 1, 2006 and 65% on January 1, 2011). Although the debt to total capital ratio was less than 72% and thus within covenant, the amended Bond Documents require that the Company make six equal monthly payments of $125,000 each for a total of $750,000 into a debt service reserve fund held by the trustee, if either of the following occurs: (i) the Company's ratio of earnings before interest, taxes, depreciation and amortization ("EBITDA") to total interest (the "EBITDA coverage ratio") for the most recently completed fiscal year is less than 1.5 to 1.0, or (ii) the Company's ratio of debt to total capital at the end of such fiscal year is greater than 65%. Because the Company did not satisfy both of these ratios as of December 31, 1999, the amended Bond Documents required that the Company make six monthly payments of $125,000 each into the debt service reserve fund commencing on June 1, 2000, for total of $750,000. In addition to the $750,000 required to be deposited into the debt service reserve fund based upon the level of the Company's additional debt, the Company could be required to make additional payments to bring the total of the debt service reserve fund to a maximum of approximately $1,200,000 (including the $750,000 described above) if the EBITDA coverage ratio for any fiscal year is less than 1.25 to 1.0. The EBITDA coverage ratio for the year ended December 31, 2000 was 2.24 to 1.0, and the Company was therefore not required to make any such additional payments into the

debt service reserve fund based upon the Company's EBITDA coverage ratio. The maximum amount of the debt service reserve fund of approximately $1,200,000 is the same as under the Bond Documents prior to the amendment, but the amendment modified the terms under which the Company may be required to make payments into the fund described above.

As of June 30, 2001, Bank Debt totaled $25,092,000 which was less than the $35,000,000 allowed; the Company's total debt to total capital ratio was 60.6 which is less than the 72.0% allowed; and the EBITDA coverage ratio was 2.06 to 1.0 which is greater than the 1.50 to 1.0 required. Under the Bond covenants, if the Company attains an EBITDA coverage ratio of greater than 1.5 to 1.0 as of any fiscal yearend beginning with December 31, 2001, the balance on deposit in the debt service reserve fund in excess of $750,000 will be released for the Company's general use. The Bond Documents require that a minimum balance of $750,000 be maintained in the debt service reserve fund until the Bonds mature.

The Company expects 2001 capital expenditures to be approximately $7,500,000. This consists of $5,000,000 that is required to maintain existing property, plant and equipment and $2,500,000 of strategic initiatives to expand the Company's capabilities. The Company believes that it has all of the facilities required for the foreseeable future. Thus, capital expenditures are expected to be limited to maintaining existing capital assets, replacing site services equipment, upgrading information technology hardware and software, and specific strategic initiatives. The Company continues to evaluate potential acquisitions and opening additional site services offices within and next to the Company's service areas. Thus, it is possible that capital additions could exceed the $7,500,000 currently planned.

The Company believes that cash generated from operations in the future together with availability under its Revolver will be sufficient to operate the business and fund capital expenditures. In addition, the Company believes that interest expense in 2001 will be somewhat higher than in 2000 with an increase in interest expense due to higher average interest rates being partially offset by lower average debt outstanding.

Dividends on the Company's Series B Convertible Preferred Stock are payable on the 15th day of January, April, July and October, at the rate of $1.00 per share, per quarter; 112,000 shares are outstanding. Under the terms of the preferred stock, the Company can elect to pay dividends in cash or in common stock with a market value equal to the amount of the dividend payable. The Company elected to pay the January and April 2001 dividends in common stock. Accordingly, the Company issued 59,438 and 45,597 shares of common stock to the holders of the preferred stock in the quarters ended March 31 and June 30, 2001, respectively. The Company anticipates being able to resume cash payment of preferred stock dividends starting with the July 15, 2001 dividend.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that all business combinations be accounted for under the purchase method only and that certain acquired intangible assets in a business combination be recognized as assets apart from goodwill. SFAS No. 142 requires that ratable amortization of goodwill be replaced with periodic tests of the goodwill's impairment and that intangible assets other than goodwill be amortized over their useful lives. SFAS No. 141 is effective for all business combinations initiated after June 30, 2001 and for all business combinations accounted for by the purchase method for which the date of acquisition is after June 30, 2001. The provisions of SFAS No.142 will be effective for fiscal years beginning after December 15, 2001, and will thus be adopted by the Company, as required, in fiscal year 2002. The Company has historically accounted for acquisitions as purchases; thus, the adoption of SFAS No. 141 is not expected to materially effect the Company's results. The Company expects the adoption of SFAS No. 142 will eliminate amortization of goodwill expense of $767,000 in 2002. The Company has not yet tested goodwill for impairment using the criteria set forth under SFAS No. 142; thus, the Company cannot predict what impact, if any, SFAS No. 142 will have on its periodic tests of impaired assets.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

See Note 3 to the financial statements.

ITEM 2 - CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company's 2001 Annual Meeting of Stockholders was held on June 16, 2001. At the meeting, the Stockholders elected John P. DeVillars and Daniel J. McCarthy to serve as directors of the Company for a three-year term, until the 2004 Annual Meeting of Stockholders. Other directors whose term of office as director continued after the meeting were: John F. Kaslow, John T. Preston, Alan S. McKim, Thomas J. Shields and Lorne R. Waxlax.

Stockholders owning 10,377,559 shares of stock, or 91.0% of eligible shares were represented in person or by proxy.

ITEM 5 - OTHER INFORMATION

None

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

Exhibit No.	Description	Location
	Reports on Form 8-K	None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Clean Harbors, Inc.

Registrant

Dated: August 13, 2001

By: /s/ Alan S. McKim

Alan S. McKim
Chairman of the Board and
Chief Executive Officer

Dated: August 13, 2001

By: /s/ Roger A. Koenecke

Roger A. Koenecke
Senior Vice President and
Chief Financial Officer