

### 1999 Annual Report

## People & Technology

### Protecting & Restoring

America's Environment



1999 Profile

Clean Harbors, Inc., based in Braintree, Massachusetts, through its subsidiaries (collectively "Clean Harbors" or "The Company"), provides comprehensive environmental services throughout the United States and Puerto Rico. From sales and service centers around the country, Clean Harbors furnishes a wide range of hazardous waste management and environmental support services to a diversified customer base.

The Company's environmental remediation services include emergency response, surface remediation, groundwater restoration, industrial maintenance, and facility decontamination. Hazardous waste management services include treatment, storage, recycling, transportation, risk analysis, site assessment, laboratory analysis, site closure, and disposal of hazardous materials through various environmentally sound methods, including incineration. Specialized services include repackaging, treatment, and disposal of laboratory wastes and outdated chemicals and household wastes.

In response to a growing marketplace need for services related to environmental management information systems, Clean Harbors created a new subsidiary, Harbor Management Consultants, Inc. (HMC). The objective of this new subsidiary is to provide consulting services and environmental information management systems to a broad array of customers throughout the United States using the latest technology and management practices.

Analytical and technical services complement and enhance the Company's capabilities to provide comprehensive services to over 13,000 customers. Customers include nearly 300 of the Fortune 500 companies, many major utilities, oil, pharmaceutical, and chemical companies, the high tech and biotech industries, and hundreds of small businesses.

The Company's services are also in demand by other waste management firms and are used by numerous federal, state, and local government agencies. Clean Harbors has developed an extensive health/safety and compliance effort and follows a rigorous risk management program designed to reduce potential liability for the Company and its customers.

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### Dear Shareholders

We are excited to announce the celebration of Clean Harbors' 20th year as an environmental service provider. Since 1980, Clean Harbors has grown to be a national leader in the industry. We have achieved our growth and position by providing a wide range of services and by striving to consistently meet our customers' needs. Indeed, our loyal customers have helped us become a major force in the industry and we truly appreciate the confidence our customers place in us each time they place new business with us.

The industry has experienced many changes since I founded the company. Much of this change is the result of more efficient processes that actually reduce the need for environmental services by minimizing waste generation. Other changes brought major industry consolidations and uncertainty. However, our consistent strategy coupled with our employees, management team, assets and enhanced business systems has enabled us to survive and grow in a very difficult market place.

As we reflect upon our past, but look towards the future, our stability, growth, systems and service are the critical strengths of our Company, and represent our commitment to our customers, industry and shareholders.

- STABILITY Clean Harbors stands alone among the major environmental service providers with over twenty years of stable management and ownership. Our priorities regarding health & safety, compliance and customer service, have never wavered. We provide our customers trust and confidence in our commitment to handle their environmental needs safely and efficiently.
- GROWTH Our Company has grown in revenues and financial strength, while also growing geographically. We recognize
  that customers want to partner with progressive companies who respond to their needs. We are a healthy and vibrant
  company. Our future and vision continues to be to provide reliability.
- SYSTEMS Our systems are integrated, organized and provide the level of strength required to manage a sophisticated business. We now offer customers access to their information via the Internet through an e-Commerce strategy. Customers can manage their environmental program on-line at www.cleanharbors.com, enabling them to create and submit profiles, and access existing waste profiles. On-line transportation scheduling, order placement, waste tracking, and manifest retrieval and viewing are additional features to this service.
- SERVICE Our investment in Company owned and operated disposal facilities throughout the country and our relationships with strategic vendors insures that when customers choose Clean Harbors to handle their waste, they choose the experience, the capabilities and control that only Clean Harbors can deliver.

We intend to continue our strategy where the customer is the focus. We intend to continue to build and strengthen our customer relationships, and we are committed to enhancing and making our service stronger. We believe that our continuing commitment to quality will ultimately result in a return to profitability.

I encourage you to visit our website at www.cleanharbors.com to learn what's new at Clean Harbors on an ongoing basis.

Yours truly,

Alan S. McKim

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President, Chief Executive Officer, and Chairman of the Board

March 30, 2000

#### e-Commerce

With the advent of the Internet revolution Clean Harbors led the environmental services industry by offering on-line access to its customers for their waste tracking reports.

Today, Clean Harbors offers customers secure interactive access to all their information via the internet through an e-Commerce strategy. Customers can manage their environmental program on-line at www.cleanharbors.com enabling them to create and submit new profiles, and access existing waste profiles. Clean Harbors' on-line systems work to save customers time while lowering their risks.

On-line transportation scheduling, order placement, waste tracking, and manifest retrieval and viewing are additional features to this service. With a secure personalized on-line account, Clean Harbors' customers can:

- Create and submit profiles for waste
- · View existing profiles
- · View milkrun transportation schedules
- Place orders for disposal
- Print manifests and labels
- View and print:
  - Waste tracking reports
  - Manifests
  - Invoices

Clean Harbors' customers can rely on these proprietary on-line systems to unify their entire waste disposal process.

#### **Health and Safety**

All of the company's activities are conducted within the framework of the most important Clean Harbors priority — protecting the health and safety of our employees, customers, and the public. A thorough health and safety program has been developed and tailored for each Clean Harbors facility and service center.

The Company also maintains a vigilant and continuous internal audit of Company activities through a group of highly skilled safety and industrial hygiene professionals. The Health & Safety Group is structured to optimize its independent scrutiny of Company operations. The members of the group monitor and supervise health & safety regimens at the Company's various facilities and service centers. The members of the group report independently to a corporate Director of Health & Safety, who in turn reports directly to the Company's General Counsel.

#### Compliance

The Company has designed an extensive compliance program for each facility and field activity. The Compliance Group conducts internal audits of Company activities to ensure compliance with relevant legal, regulatory, and Company policies. The Compliance Group also conducts external compliance auditing of 3rd party facilities utilized by Clean Harbors.

The Compliance Program is managed by a trained group of professionals who report independently to and are supervised by the Corporate Director of Regulatory Affairs. Consistent with his counterpart, The Director of Health & Safety, The Director of Regulatory Affairs also reports directly to the Company's General Counsel. This independent reporting structure is designed to ensure that Compliance, Health & Safety issues are devised, implemented, reviewed and monitored at the highest levels in the Company.

# People & Technology

#### **Risk Minimization Programs**

Clean Harbors has developed an advanced, comprehensive risk minimization safety program to protect our employees and our customers and their facilities. In addition to standard industrial hygiene and safety programs required by government regulations, Clean Harbors has developed many unique and innovative programs designed to enhance the safety and effectiveness of our operations. These programs minimize risk and liability for our customers, as well as assure the efficiency and safety of our operations.

#### Training

Clean Harbors' employees receive rigorous training in the most sophisticated and advanced techniques for handling toxic materials. In addition, Clean Harbors' reputation for a highly trained work force has made the Company an industry leader and has led to a demand from our customers to offer training to their employees as a service line. Clean Harbors' Training Group has trained thousands of employees from more than 500 different companies and government agencies.

The Clean Harbors Commercial Training Organization offers customized programs to clients throughout the country and specializes in assisting major utilities. These programs keep Clean Harbors' customers updated and in compliance with ever changing regulations, as well as providing annual refresher programs to facilitate compliance with existing regulations.

#### Harbor Management Consultants, Inc.

In response to a growing marketplace need for services related to environmental management information systems, Clean Harbors created a new subsidiary, Harbor Management Consultants, Inc. (HMC). The objective of this new subsidiary is to provide consulting services and environmental information management systems to a broad array of customers throughout the United States using the latest technology and management practices.

Clean Harbors has long recognized that many of our customers were looking to their vendors to bring additional value to their environmental departments. HMC is bringing additional value by providing the expertise to streamline their environmental programs. HMC is providing customers with environmental software products, systems integration, consulting and on-site management services.

One of the products that has been introduced by Harbor Management Consultants<sup> $\mathsf{TM}$ </sup> is our industry leading waste management software – CHOICE<sup> $\mathsf{TM}$ </sup>. CHOICE<sup> $\mathsf{TM}$ </sup> is an on-site software product designed to reduce the cost of environmental management for medium and large waste generators. The product's features include inventory management, waste profiling, printing of shipping documents, cost allocation and regulatory reporting.

Harbor Management Consultants is based in Kingston, Massachusetts and can be reached through the internet at www.hmconsultants.com or by calling (800) 818-9078.

#### **Clean Extraction System**

The Clean Extraction System (CES) is a hazardous waste treatment system which extracts organic compounds from industrial wastewater. CES uses supercritical carbon dioxide as a solvent to remove organic contaminants, such as gasoline, acetone, methylene chloride, pesticides, and other chemicals from industrial wastewater called lean water. Lean water is generated by oil companies, utilities, and manufacturers of specialty chemicals and pharmaceuticals.

CES is in operation at the Company's Baltimore facility and offers the Company's industrial customers an attractive recycling alternative to disposal of their lean water.

#### Incineration

Clean Harbors operates a fully permitted 45,000 ton per year fluidized bed thermal oxidation unit near Kimball, Nebraska. This state-of-the-art facility is staffed with 100 highly trained and motivated employees. The Kimball facility is located on a 600 acre site near the Wyoming and Colorado borders. The facility has a RCRA Part B permit issued by the Nebraska Department of Environmental Quality (NDEQ) and is authorized by the United States Environmental Protection Agency (US EPA) to treat hazardous wastes from Federal Superfund clean-up sites regulated pursuant to the Comprehensive Environmental Response Compensation & Liability Act of 1980 (CERCLA).

The technologically sophisticated facility achieves extremely high destruction efficiencies of hazardous wastes through the fluidized bed incineration process that eliminates virtually all organic material. The incineration of the waste is so effective that the resultant ash is classified as non-hazardous waste, no longer subject to RCRA regulation; i.e., "delisted." In fact, the Kimball facility is the only commercial incineration facility in the United States currently permitted to "delist" ash derived from burning hazardous wastes. Because the ash is "delisted" and no longer regulated as hazardous waste, it is deposited in a "monofill" adjacent to the incinerator. Although the ash is classified as nonhazardous, the monofill was still constructed to satisfy RCRA Subtitle C hazardous waste landfill standards.

#### **Emergency Response**

Clean Harbors undertakes environmental remediation projects on both a planned and emergency basis. Emergency response actions may develop into planned remedial action projects when soil, groundwater, buildings, or facilities are extensively contaminated.

Clean Harbors has established specially trained emergency response teams which operate on a 24-hour basis from response centers in numerous states. Many of the Company's decontamination and mitigation activities are generated from a response to an emergency situation by the response teams.

These incidents can result from:

- Transportation accidents involving petroleum products and chemical substances which often occur on major highways, railways, and navigable waterways throughout the United States.
- Fires at chemical facilities or hazardous waste sites.
- Transformer fires or explosions involving PCBs.
- Other unanticipated releases where the substances involved pose an immediate threat to public health or the environment.

Emergency response projects require trained personnel, equipped with protective gear and specialized equipment, prepared to respond promptly whenever these situations occur. Clean Harbors' health and safety specialists and other skilled personnel closely supervise these projects during and after the clean-up. Clean Harbors' capabilities include: rapid response, containment and control procedures, analytical testing and assessment, neutralization and treatment, and collection and transportation of substances to appropriate treatment or disposal facilities.

#### **Pollution Prevention**

Clean Harbors works with environmentally conscious companies to assist them in preventing accidental releases of chemicals or petroleum products. These value-added services include training customers' personnel in environmentally sound and safe management practices, as well as monitoring and/or auditing their operations to ensure environmental compliance.

# Protecting & Restoring

#### Oil Pollution Act of 1990

Clean Harbors is one of the premier marine and coastal environmental clean-up companies in the United States. The Company's national reputation as an outstanding marine spill contractor is reflected in the fact that nearly 400 major companies around the country have designated Clean Harbors as their OPA-90 contractor.

Additionally, under the voluntary Oil Spill Response Organization (OSRO) program administered by the United States Coast Guard, Clean Harbors has been positively rated in 34 Captain of The Port (COTP) zones. Indeed, in ten of these major ports Clean Harbors has received a positive rating in every single category of response in three out of four classifications.

#### **Environmental Remediation Service**

Clean Harbors Remedial Technologies Division employs a diverse technical staff providing expertise in:

- Remedial System Design/Build Subsurface Investigation Site Operations & Maintenance
- Mobile Treatment Services In-House Fabrication/Site Construction

The Remedial Technologies Division dedicates its efforts and resources to subsurface contamination characterization/delineation and the application of both conventional and innovative technologies for aquifer restoration and soils remediation. The Division continues to develop and implement in situ remedial techniques which are less intrusive to the environment, while providing technically sound and cost effective solutions to complex environmental conditions.

At the forefront of industry demand for portable and temporary remedial applications, the Remedial Technologies Division also offers a comprehensive line of mobile treatment services in support of:

- Aquifer Studies Pilot Tests Construction Dewatering Emergency Response
- Vessel Deballasting Short-Term Remedial Measures Industrial Wastewater Pretreatment

System operations are performed by licensed wastewater operators well versed in unit operations, sampling and analytical methods, and health and safety protocols.

The Remedial Technologies Division complements its core field service capabilities by responding to emergency events, as well as planned remediation activities. The Division has also successfully positioned itself with outside engineering and consulting firms to provide expertise and services in site management and construction, remedial system fabrication, and mobile treatment.

#### **Surface Remediation**

The planned clean-up of hazardous waste sites and the clean-up of accidental spills and discharges of hazardous materials from transportation and industrial activities is a prominent service offered by Clean Harbors. Surface remediation projects generally require considerable interaction among the remedial technologies division, project management, and analytical services to ensure the best remedial alternative.

#### **Facility Decontamination**

The clean-up and restoration of buildings, equipment, and other facilities contaminated by exposure to hazardous materials is also a Clean Harbors specialty. The Company's projects have included the decontamination of electrical generating stations, electronics components, and food processing plants, as well as commercial, educational, industrial, laboratory, research, and manufacturing facilities.

#### **Industrial Maintenance**

During 1999 Clean Harbors, Inc. announced the creation of a new division, Harbor Industrial Services (HIS), to provide industrial services including chemical cleaning and specialty line cleaning, and video camera monitoring/inspection of industrial lines.

HIS also provides a variety of industrial maintenance services, such as cleaning large storage tanks and process equipment for various industries. The new division has expanded the Company's capabilities within its current customer base and has created new business activities for the Company in various regions of the country.

Clean Harbors has long been recognized as a leader in emergency response work and in providing premiere customer service in pre-planned field service activities. Now HIS provides Clean Harbors customers with another service from a vendor customers trust and respect. Customers recognize that Clean Harbors has the highest health & safety standards and maintains those standards for any and all work completed at customer facilities.

HIS is based in Kingston, MA and can be reached by calling (800) 282-0058 or through the internet at HIS@cleanharbors.com.

#### CleanPack®

Clean Harbors excels in providing specialized repackaging, treatment, and disposal services for laboratory wastes and outdated chemicals. This service is in great demand by hospitals, universities, analytical testing laboratories, pharmaceutical companies, municipalities, and research facilities.

#### **Household Hazardous Waste Collections**

Clean Harbors is a national leader in household hazardous waste and pesticide collections.

States, municipalities, counties, and special governmental agencies have turned to Clean Harbors to provide expertise in collecting hazardous wastes directly from citizens to prevent illegal disposal of these materials in the parks, woodlands, beaches, farmlands, landfills, and sewers of communities throughout the country.

Each collection program has been customized to meet the needs of the sponsoring governmental entity and has been tailored in each state or locality to provide: permanent collection sites, weekly collections, one-day events, toll free technical advice hotlines, and door-to-door pickups.

#### **Agricultural Pesticide Collections**

A growing specialty for Clean Harbors is the coordinated collection of pesticides throughout the country in cooperation with agricultural departments in various states.

Clean Harbors has been the prime contractor for the Virginia Department of Agriculture and the sole or a primary pesticide collector for Massachusetts, Michigan, Nebraska, New Hampshire, North Carolina, Ohio, Puerto Rico, and Vermont.

#### Recycling

As an environmentally conscious industry leader, Clean Harbors is committed to recycling wastes using various methods which will effectively remove contaminants from the original material, restore its fitness for its intended purpose, and reduce the volume of waste requiring disposal.

Clean Harbors has substantially upgraded its existing facilities and acquired new facilities for the reclamation and reuse of certain wastes, particularly solvent-based wastes generated by industrial cleaning operations, metal finishing, and other manufacturing processes. Clean Harbors either returns the recovered solvents to the original generator or sells them to third parties.

Clean Harbors operates four oil reclamation facilities which process and treat used petroleum products to be resold as recycled oil to industrial fuel users.

# America's Environment

#### **Fuels Blending**

Clean Harbors provides fuels blending at several key facilities. Fuels blending is a process that allows for the beneficial reuse of a waste material that is not suitable for recycling. This process is more environmentally friendly than either destruction or landfilling this type of material.

The alternative fuel that is produced by this process is consumed at various industrial furnaces authorized by the US EPA for this activity and audited by the Clean Harbors Compliance Group.

#### **Treatment and Disposal Facilities**

Clean Harbors' facilities treat a broad range of wastes. The facilities treat hazardous wastes through a variety of methods, including the use of physical, chemical, and thermal techniques.

Clean Harbors manages numerous hazardous waste streams from thousands of customers. These wastes are shipped to various Clean Harbors facilities where they are consolidated, repackaged, and bulked for transportation to other facilities. Clean Harbors also arranges for the disposal of its customers' wastes through environmentally sound waste management facilities operated by other companies.

To ensure the highest standards, Clean Harbors conducts an independent regulatory compliance audit of non-company facilities before contracting the use of those facilities for its customers. To minimize liability exposure for Clean Harbors and its customers, Clean Harbors imposes standards which often exceed those required by various governmental agencies.

#### **Transportation**

In a continuing commitment to offer innovative solutions to our customers' complex environmental needs, Clean Harbors has employed newly emerging technologies whenever it can facilitate more efficient customer service and more effective compliance monitoring.

Clean Harbors installed the OmniTRACS two-way satellite based mobile communications system in a significant portion of the Company's fleet. With OmniTRACS, every Clean Harbors driver has immediate access to Clean Harbors' central dispatch. The OmniTRACS system provides complete satellite coverage from coast to coast and can check fuel prices, weather alerts, traffic conditions, and other important news. The system provides continuous, accurate information about exact vehicle locations and the status of their cargoes.

#### **Analytical Services**

Clean Harbors' analytical testing laboratories are certified to perform organic and inorganic analyses to help solve the environmental problems of private industry and government agencies. The laboratories perform analyses on sample types ranging from hazardous waste to groundwater and air. Our chemists provide fast and accurate analyses and offer innovative solutions to unique testing problems.

The Company operates two regional analytical testing laboratories in Braintree, Massachusetts and Kimball, Nebraska. Each lab has a sophisticated, state-of-the-art Laboratory Information Management System, enabling Clean Harbors to offer accurate information to its clients on a timely basis.

The Company owns and operates mobile laboratory facilities for field use during emergency responses and remedial action situations. Designed to be flexible, these mobile laboratories can be modified to serve in a diverse range of situations.

Clean Harbors also maintains laboratories at each of its storage and treatment facilities to identify and characterize waste materials prior to acceptance for treatment and disposal by Clean Harbors and then prior to shipment to off-site facilities.

## Selected Financial Data

		For the year ended December 31,								
		1999		1998		1997		1996		1995
	(In thousands except per share amounts)									
Income Statement Data										
Revenues		202,965		197,439		183,767		200,213		209,250
Cost of revenues	]	149,637	-	147,214	1	140,926	1	54,773	]	156,779
Selling, general and administrative expenses		37,190		34,976		34,114		36,161		39,574
Depreciation and amortization of intangible assets		9,501		9,112		9,228		9,827		10,081
Nonrecurring charges										4,247
Income (loss) from operations		6,637		6,137		(501)		(548)		(1,431)
Other income, net		_		_		800				
Interest expense, net		8,599		9,631		9,182		9,170		8,657
Loss before provision for (benefit from)										
income taxes		(1,962)		(3,494)		(8,883)		(9,718)		(10,088)
Provision for (benefit from) income taxes		282		360		4,845		(2,775)		(3,195)
Net loss	\$	(2,244)	\$	(3,854)	\$	(13,728)	\$	(6,943)	\$	(6,893)
Basic and diluted net loss per share Weighted average number of common	\$	(0.25)	\$	(0.42)	\$	(1.42)	\$	(0.77)	\$	(0.77)
shares outstanding		10,649		10,309		9,959		9,653		9,475
Financial Data Earnings before interest, taxes, depreciation and amortization (EBITDA) Working capital Total assets	\$	16,138 14,565 145,247	\$	15,249 11,245 145,910	\$1	10,448 147,850	\$1	9,279 14,245 77,997		8,650 11,053 186,444
Long-term obligations, less current portion Stockholders' equity	\$	72,683 34,171		68,774 36,310		68,020 40,024		68,668 53,584		70,391 60,374

## Board of Directors and Officers

#### Directors

Alan S. McKim, President, Chief Executive Officer, and Chairman of the Board, Clean Harbors, Inc.

Christy W. Bell, President of Electro-Petroleum, Inc.; Electropyrolysis, Inc.; and Arc Technologies, Inc.

Alan S. McKim, Chairman, President and Chief Executive Officer

Roger A. Koenecke, Senior Vice President and Chief Financial Officer

Stephen H. Moynihan, CPA,

Senior Vice President of Planning and Development John F. Kaslow, Consultant to the Energy Industry

**Daniel J. McCarthy,** Professor of Strategic Management, Northeastern University

John R. Preston, President and Chief Executive Officer, Quantum Energy Technologies Thomas J. Shields, Managing Director, Shields & Co.

Lorne R. Waxlax, Former Executive Vice President, The Gillette Company

#### **Officers**

William J. Geary, Esq.,

Executive Vice President and General Counsel\*

William F. O'Connor, Vice President of Human Resources and Risk Management\*

Gene Cookson, Senior Vice President of Field Sales and Operations\*

**Eric Gerstenberg,** Vice President of Disposal Services Group\*

George Curtis, Vice President, Transportation and Disposal\*

Joseph L. McNally, Vice President, MIS\*

<sup>\*</sup>Clean Harbors Environmental Services, Inc.

## Shareholder Information

#### Stock Listing

The Company's common stock began trading publicly in the over-the-counter market on November 24, 1987 and was added to the NASDAQ National Market System effective December 15, 1987. The Company's common stock trades on the NASDAQ Stock Market under the symbol: CLHB. The following table sets forth the high and low sales prices of the Company's common stock for the indicated periods as reported by NASDAQ.

1999	High	Low	1998	High	Low
First Quarter	\$2.438	\$1.563	First Quarter	\$2.063	\$1.250
Second Quarter	2.000	1.563	Second Quarter	3.000	1.750
Third Quarter	1.813	1.313	Third Quarter	3.313	1.813
Fourth Quarter	1.813	1.063	Fourth Quarter	2.625	1.313

On March 14, 2000, there were 667 holders of record of the Company's common stock, excluding stockholders whose shares were held in nominee name.

The Company has never declared nor paid any cash dividends on its common stock. In February 1993, the Board of Directors authorized the issuance of up to 156,416 shares designated as Series B Convertible Preferred Stock, with a cumulative dividend of 7% during the first year and 8% thereafter, payable either in cash or by the issuance of shares of common stock. On February 16, 1993, 112,000 shares of Series B Convertible Preferred Stock were issued in partial payment of the purchase price for the Cincinnati facility. Except for payment of dividends on the Series B Convertible Preferred Stock, the Company intends to retain all earnings for use in the Company's business and therefore does not anticipate paying any cash dividends on its common stock in the foreseeable future. The Company's bank credit agreements contain financial covenants which may effectively restrict or limit the payment of dividends other than Series B Convertible Preferred Stock dividends.

#### Form 10-K

Copies of the Company's annual report on Form 10-K for the year ended December 31, 1999, filed with the Securities and Exchange Commission on March 29, 2000, may be obtained without charge by writing to the Company at 1501 Washington Street, Braintree, Massachusetts 02185, attention: Stephen H. Moynihan, 781-849-1800 ext. 4454.

#### **Annual Meeting**

10:00 am, June 16, 2000, US Trust/Citizen's Bank, 40 Court Street, Boston, MA 02108

#### **Auditors**

Pricewaterhouse Coopers L.L.P., One Post Office Square, Boston, MA 02109

#### **Clerk of the Corporation**

C. Michael Malm, Esq., Davis, Malm & D'Agostine P.C.

#### **Corporate Counsel**

Davis, Malm & D'Agostine P.C., One Boston Place, Boston, MA 02108

#### **Transfer Agent**

American Stock Transfer & Trust Company, 40 Wall Street, New York, NY 10005, 800-937-5449



1501 Washington Street Braintree, Massachusetts 02185 781-849-1800

Visit us on the web:

www.cleanharbors.com

## Clean Harbors Service Areas

