



SERVICES



EXPERTISE



RESPONSIVENESS



RESULTS

CLEAN HARBORS

2005

ANNUAL REPORT

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Clean Harbors, Inc. is North America's leading provider of environmental and hazardous waste management services. With an unmatched infrastructure of 48 waste management facilities, including nine landfills, five incineration locations and seven wastewater treatment centers, the Company provides essential services to more than 45,000 customers, comprised of more than 175 Fortune 500 companies, thousands of smaller private entities and numerous governmental agencies.

Headquartered in Braintree, Massachusetts, Clean Harbors has more than 100 locations positioned throughout North America in 36 U.S. states, six Canadian provinces, Mexico and Puerto Rico.

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Dear Shareholders

Clean Harbors celebrated its 25th anniversary in 2005 by delivering another record-breaking performance. It was a year of great accomplishment at the company, spanning both financial and operational successes. Our achievements included record financial results, a sizeable equity offering, targeted geographic expansion and undertaking one of our largest emergency response projects to date. Thanks to the hard work and dedication of our employees, Clean Harbors entered 2006 stronger than ever.

Financially, 2005 was a year of robust growth at Clean Harbors. Revenue for the year totaled \$711 million, an 11 percent increase from \$643 million in 2004 and up more than \$100 million from 2003. All of this growth has been organic—a testament to our business strategy, execution and market share gains.

Our progress on the bottom line during the year was even more notable. In 2005, Clean Harbors generated \$51.3 million in operating income and \$25.3 million, or \$1.45 per diluted share, in GAAP net income attributable to common shareholders. This compares with \$39.4 million in operating income and a net loss of \$9.2 million, or \$0.65 per diluted share, for full-year 2004.

Thanks in large part to this strong performance, Clean Harbors raised approximately \$60 million in a December 2005 follow-on offering. These resources, combined with our positive cash flow, helped us close the year with

approximately \$136 million in cash balances, up from approximately \$48 million at the end of 2004. In January 2006, about \$61 million of this total was used to redeem 35 percent of our outstanding 11.25 percent senior secured notes due in 2012 and to pay other associated costs.

Another balance sheet highlight was our ability to reduce the environmental liabilities Clean Harbors received as part of our 2002 acquisition of Safety-Kleen's Chemical Services Division. At year-end 2005, our balance of environmental liabilities stood at \$171 million, down from \$181 million at year-end 2004.

Our improved financial standing clearly demonstrates that we are executing well on our growth strategy. We are more effectively utilizing our people and assets, we have trimmed our cost structure and we have successfully positioned the company as a true industry leader.

In fact, Clean Harbors again proved itself as one of the nation's most recognized emergency responders in September of 2005 when Hurricane Katrina hit the Gulf Coast, followed closely by Hurricane Rita. These storms forced the shutdown of several of our facilities and the evacuation of more than 400 employees. However, our people were involved in the rescue and recovery efforts in the immediate aftermath of the disaster, and we've been playing an integral role in the

cleanup efforts ever since. I am extremely proud of our role in responding to this devastated region. During the fourth quarter of 2005, Clean Harbors generated approximately \$17 million in revenue from this region. With work expected to continue well into 2006, the Gulf cleanup will likely be the largest emergency response in the company's history.

Also contributing to our 2005 success was the performance of our incinerators and landfills. We have been constructing new cells and obtaining permits that allow additional hazardous waste streams to be disposed of at our landfills. Our work in turning around some of these underperforming assets helped us boost our volumes during the latter part of 2005 and should enable us to generate higher margins going forward.

We also succeeded in enhancing throughput at our incineration facilities thanks to the capital investments we have made in recent years. Our Deer Park plant in Texas, which is the largest facility of its kind in the United States, is a prime example of these investments. At this location, we manage a broad range of hazardous industrial waste. In 2004 and 2005, we spent approximately \$25 million to enhance Deer Park's feed and air control systems and ensure its compliance with federal MACT standards. As a result of our investment at Deer Park and other locations, we increased the practical annual capacity of our incinerators from 418,000 tons in 2005 to 438,000 tons in 2006. This translates into an

opportunity for approximately \$9 million dollars of incremental revenue annually for Clean Harbors.

While revenue growth certainly was a key theme in 2005, we also continued to refine our cost structure. Clean Harbors has a rich heritage of technology investment, and 2005 was no different. We deployed our WIN operating platform across our Canadian operations, enabling us to better manage our resources and reduce redundant expenses. To increase our margins, we also further reduced our reliance on third-party transportation providers by adding more than 50 drivers to our organization. For full-year 2005, we paid approximately \$50 million for outside transportation, down 17 percent from \$60 million in the previous year. Were it not for all of the fuel surcharges we incurred in 2005, this savings would have been in excess of 20 percent. We ultimately hope to lower outside transportation costs to approximately \$30 million and will continue to work toward this goal in 2006.

This is just one of our many objectives for the year ahead. We also plan to continue opening new field offices in the North American market. These offices are central to our growth strategy. For instance, we established our presence in the Gulf Region just a few years ago by opening several Site Services offices in the region. In doing so, we set the stage to take on the hurricane-related emergency response work. We opened eight new Site Services locations in 2005. In 2006, we are planning to open another 10 to 12 offices. While we continue to focus on enhancing our organic growth and efficiencies, we also will seek selective acquisitions that provide us with opportunities for additional scale and profits.

An increasing number of organizations—more than 45,000 in all—are turning to Clean Harbors for a broad spectrum of environmental and hazardous waste management services. Some of those services are detailed in the pages that follow. I would like to thank each of our customers for entrusting Clean Harbors to handle this important work.



Revenue Growth
(in millions)

I also would like to recognize our 3,900 employees. We have an excellent team here at Clean Harbors that has proven itself time and again during the past 25 years. With record operating results and a strategically sound business plan in place for 2006, I am very optimistic that Clean Harbors' best years are still to come.

Sincerely,

Alan S. McKim
Chairman, President and Chief Executive Officer
Clean Harbors, Inc.
March 31, 2006



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service



If it affects the environment, we have the solution. Clean Harbors prides itself on being a true full-service provider of environmental management solutions. What this means to customers is that whatever their requirements—no matter how specific or unique—they know that Clean Harbors has the experience, resources and know-how to get the job done, safely and efficiently.

As North America's leading provider of environmental and hazardous waste management services, we provide Technical Services, including transportation and disposal, and CleanPack® laboratory chemical packing services; and Site Services, encompassing our field and industrial services.

Clean Harbors offers 60 different kinds of services, covering everything from standard waste disposal to more specialized services such as the handling of highly hazardous chemicals or compressed gas cylinders and explosives.

Our goal is to always be the premier environmental company. In an effort to improve the many services that customers have come to expect over the years, we continuously explore breakthrough technologies and innovative processes, while always adhering to strict health, safety and environmental regulations. That's what being a leader is all about.

“By partnering with Clean Harbors for on-site cleanup as well as transportation and disposal, we benefit from the increased efficiency of a single-source provider.”

VP of Operations, Leading Pharmaceutical Company

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Our customers know their environmental needs are in the right hands. How important is expertise in environmental management? For over 25 years, Clean Harbors has been helping customers reduce waste, minimize risk and liability, and maintain regulatory compliance. Consider these examples...

Chemical recycling and reuse — We recognize valuable hazardous waste streams, and can identify chemical recycling and reuse options. We help customers significantly reduce waste and potential liability, allowing them to reach business and environmental objectives.

Wastewater and chemical treatment — In 2005, we processed nearly 100,000,000 gallons of wastewater at seven dedicated wastewater treatment facilities. Our Cleveland, Ohio facility utilizes a sophisticated reactor system for organic oxidation and metals reduction to treat the toughest waste streams. Clean Harbors' Baltimore, Maryland facility operates a patented supercritical fluid extraction system to remove toxic organics from wastewater. In Canada, our Niagara facility operates a state-of-the-art hydrolysis process that specializes in a unique, safe and effective treatment of high-hazard, reactive and specialty chemicals.

Incineration innovation — With five incineration locations, we own and operate the largest number of commercial hazardous waste incinerators in North America. In Eastern Canada, Clean Harbors owns the only two commercial hazardous waste incinerators. Our Deer Park, Texas incineration facility is the largest in North America.

This direct-rail-served facility has successfully managed over 1,100 different gases, and routinely handles pyrophoric liquids in bulk, direct burn liquids, and reactive materials in drums. Our Kimball, Nebraska incineration facility utilizes a fluidized bed technology that helps to promote a more complete organic combustion than other incineration technologies.

Excellence in stabilization, encapsulation and landfill disposal — Clean Harbors' nine landfills provide a variety of services, including macroencapsulation, microencapsulation, metals stabilization, chemical oxidation and PCB disposal. In 2005, Clean Harbors' Lone Mountain landfill facility became the first hazardous waste treatment, storage and disposal facility (TSDF) company to receive a "Star" designation from the OSHA Voluntary Protection Program (VPP). This program recognizes employers that have exemplary safety and health management systems to protect their employees. Out of seven million employers in the United States, less than 1,300 have been approved for this prestigious VPP designation.



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Clean Harbors has received fifteen ISO14001 registrations for our facilities in Canada. This prestigious registration is one of the International Organization for Standardization's most widely known standards for environmental management, and drives continuous improvement of operations.

Expertise delivered on-site — Utilizing a proven team approach, Clean Harbors' Apollo Onsite Services program places skilled technicians on-site to work in tandem with customers to deliver proper hazardous waste and environmental compliance management. We assign experienced experts with the skills and talents necessary to serve the exact needs of customers at their locations. Our Apollo customers have the advantage of tapping into Clean Harbors' vast resources, including the largest network of waste management facilities in North America.

Technology solutions — We are making it easier for waste management professionals to improve efficiency and maintain 100 percent regulatory compliance by utilizing Clean Harbors' Environmental Compliance Management System (ECMS). The result of fifteen years of development, this Web-based environmental software for customers simplifies and strengthens all aspects of compliance and waste management.

Clean Harbors continues to earn customers' trust because our dedicated, highly trained team—now nearly 3,900 strong—brings the right level of experience and knowledge to every project. They employ best-practice methods with state-of-the-art equipment and technologies to solve any problem—from the routine to the most difficult—with proven, consistent results.

diversity of CUSTOMER

CHEMICAL

When a renowned chemical company was concerned that a highly toxic substance would be released during the initial cleaning of its reactors, Clean Harbors designed a custom solution to neutralize emissions and finished the job on time, on budget and without incident.

FOODS

When a Canadian dairy product company wanted to reduce the odor, noise and costs associated with its wastewater treatment process, it initially selected a competitor as its vendor—until Clean Harbors proved its mettle during a pilot dewatering exercise.

CONSUMER

When a popular cruise line needed fast, efficient turn-around of its waste drums at major ports along both U.S. coasts, Clean Harbors mapped out a comprehensive program and schedule that made the whole process seamless.



ners

We treat every customer as the most important one. Since we are North America's leading environmental management company, our customers have high expectations of us. Clean Harbors strives to provide each customer—large and small, spanning every major market—with the singular focus and custom solutions that meet their sometimes very particular demands.

Whether it's a multinational Fortune 500 corporation, a state or local government agency, or a small, single-site manufacturing firm, Clean Harbors works with customers in ways that can reduce their liability, increase employee productivity, or lower operating costs.

SCIENTIFIC

When a company supporting the U.S. Antarctic Program required the safe removal of hazardous waste and low-level radioactive waste from the South Pole, Clean Harbors did it all—placing a Clean Harbors representative at the McMurdo and Palmer Stations in Antarctica, to provide technical support in waste characterization, classification, packaging, labeling and manifesting, prior to transport to the United States.

ENERGY

When a contractor ruptured an 8" pipeline at a refinery in the southern U.S., releasing gasoline by-product into the ground, a 35-member emergency response team from Clean Harbors not only excavated the affected soil, but also built access roads and dams to help contain the release.

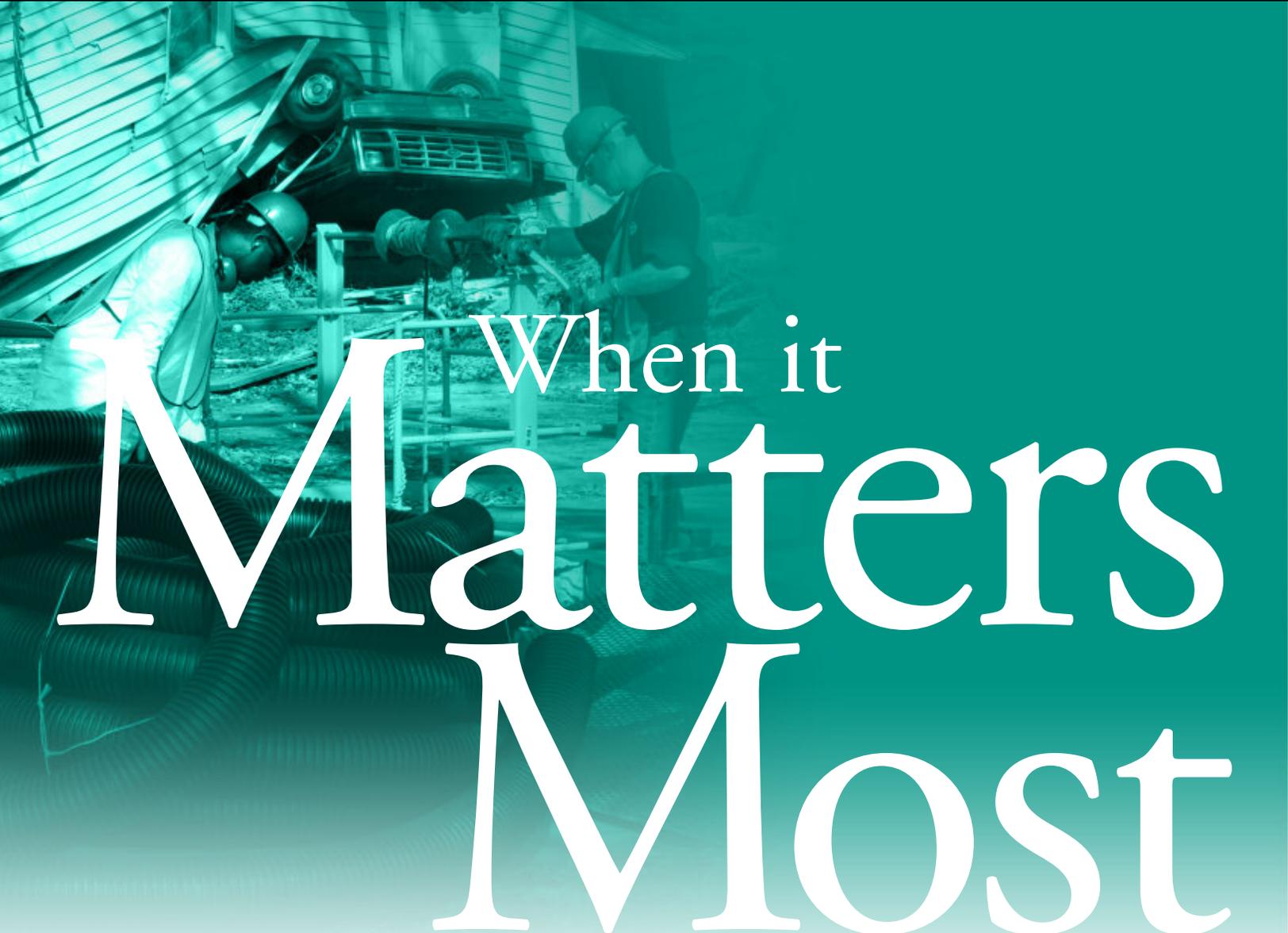
MEDICAL

When a manufacturer of intermediaries for AIDS medications chose Clean Harbors in 2005 to provide economical and efficient disposal of waste solvents containing potentially explosive organic peroxides, our recycling options also allowed them to reclaim materials to further lower operating expenses.



“With the quality and quantity of work being done during this time of unfortunate destruction, I can unequivocally say that every person I’ve met from Clean Harbors has been top-notch and has certainly made this aspect of my job easier.”

Project Manager, Major Telecommunications Company, New Orleans



When it
Matters
Most

In time of crisis, count on Clean Harbors’ service, expertise and responsiveness. Being able to react quickly and efficiently in emergency situations has always been a Clean Harbors hallmark. But in August and September 2005, this reputation was further strengthened by two of the worst natural disasters in U.S. history—Hurricane Katrina and Hurricane Rita.

That's when Clean Harbors did what it does best.



Immediately after Hurricane Katrina, we made our Baton Rouge facility available as a command center for government agencies and response contractors, who together used this location as a base of operations to begin search and rescue.

Having established a significant presence in the area in recent years with several new offices and three hazardous waste facilities in Louisiana, Clean Harbors' response work was swift and comprehensive. We dispatched hundreds of employees to assist various organizations in these unprecedented recovery missions...

Search and Rescue — Within days after Katrina struck, Clean Harbors provided logistical support to the U.S. Coast Guard for search and rescue operations, including setting up 17 strategic locations to supply gasoline, jet and diesel fuel, potable and nonpotable water, and other essential provisions. We also retained a fuel barge in the Mississippi River to be used by Coast Guard cutters and other survey vessels.

Hazardous Waste Collection — The Coast Guard also turned to Clean Harbors to perform hazardous waste collection in the wetlands of Louisiana where Hurricane Rita's storm surge had pushed tons of debris into environmentally protected marshes, bayous and swamps. Overcoming mud, snakes, mosquitoes and alligators, Clean Harbors teamed up with crews from the Coast Guard and the EPA to recover an estimated 40,000 containers of waste.

Building Decontamination and Manhole Cleaning — A major telecommunications company with offices in New Orleans contracted with Clean Harbors to remove the floodwaters from its

buildings and decontaminate its offices. Our team was so fast and thorough that we were also asked to participate in the much larger task of cleaning thousands of manholes across the city. The quality and professionalism of Clean Harbors earned us the contract to perform similar services in similarly affected areas in Mississippi.

Household Hazardous Waste Collection — In the aftermath of Katrina, it became clear that New Orleans would need an immediate and extensive household hazardous waste collection program. Again, Clean Harbors was on the scene with more than 100 field technicians who combed the city streets, collecting, categorizing and packaging a wide range of waste—from pesticides and cleaners to pathogenic waste such as needles and syringes.

Asbestos and Spoiled Food Removal — In another critical cleanup project, in which public health was at serious risk, Clean Harbors collected and disposed of spoiled food products at six meat and fish processing facilities within New Orleans. We also led the way in systematically removing asbestos-contaminated material that had accumulated throughout the city. Our safe method of operation, collection rate and expert staff enabled Clean Harbors to remove more than 1,000 cubic yards of this waste per day.

In just a two-month span after the big storms hit, Clean Harbors leveraged 17 different service lines, deployed 160 people and spent over 400,000 man-hours providing emergency environmental response services as part of the hurricane relief efforts.

Clean Harbors is more prepared than ever before to meet today's expected—and unexpected—environmental challenges.

Selected Financial Data

For the Year Ended December 31 (in thousands except per share amounts)

<i>Income Statement Data</i>	2005	2004	2003	2002	2001
Revenues	\$ 711,170	\$ 643,219	\$ 610,969	\$ 350,133	\$ 251,601
Cost of revenues	512,582	464,838	453,461	252,469	178,348
Selling, general and administrative expenses	108,312	104,509	108,430	61,518	43,727
Accretion of environmental liabilities	10,384	10,394	11,114	1,199	—
Depreciation and amortization	28,633	24,094	26,482	15,508	11,113
Restructuring costs	—	—	(124)	750	—
Other acquisition costs	—	—	—	5,406	—
Income from operations	51,259	39,384	11,606	13,283	18,413
Other income (expense)	611	(1,345)	(94)	129	—
(Loss) on refinancings	—	(7,099)	—	(24,658)	—
Interest (expense), net	(22,754)	(22,297)	(23,724)	(13,414)	(10,724)
Income (loss) before provision for income taxes and cumulative effect of change in accounting principle	29,116	8,643	(12,212)	(24,660)	7,689
Provision for (benefit from) income taxes	3,495	6,043	5,322	3,787	2,412
Income (loss) before cumulative effect of change in accounting principle	25,621	2,600	(17,534)	(28,447)	5,277
Cumulative effect of change in accounting principle	—	—	66	—	—
Net income (loss)	25,621	2,600	(17,600)	(28,447)	5,277
Redemption of Series C Preferred Stock, dividends on Series B and C Preferred Stocks, and accretion on Series C Preferred Stock	279	11,798	3,287	1,291	448
Net income (loss) attributable to common shareholders	\$ 25,342	\$ (9,198)	\$ (20,887)	\$ (29,738)	\$ 4,829
Basic earnings (loss) per share:					
Earnings (loss) before cumulative effect of change in accounting principle	\$ 1.62	\$ (0.65)	\$ (1.54)	\$ (2.44)	\$ 0.42
Cumulative effect of change in accounting principle, net of tax	—	—	—	—	—
Basic earnings (loss) attributable to common shareholders.....	\$ 1.62	\$ (0.65)	\$ (1.54)	\$ (2.44)	\$ 0.42
Diluted earnings (loss) per share:					
Earnings (loss) before cumulative effect of change in accounting principle	\$ 1.45	\$ (0.65)	\$ (1.54)	\$ (2.44)	\$ 0.38
Cumulative effect of change in accounting principle, net of income tax.....	—	—	—	—	—
Diluted earnings (loss) attributable to common shareholders.....	\$ 1.45	\$ (0.65)	\$ (1.54)	\$ (2.44)	\$ 0.38
Weighted average number of common shares outstanding.....	15,629	14,099	13,553	12,189	11,404
Weighted average common shares outstanding plus potentially dilutive common shares	17,717	14,099	13,553	12,189	12,676
<i>Balance Sheet Data:</i>					
Working capital	\$ 100,354	\$ 50,696	\$ (19,575)	\$ 23,537	\$ 9,423
Goodwill	19,032	19,032	19,032	19,032	19,032
Total assets.....	614,364	504,702	540,159	559,690	156,958
Long-term obligations (including current portion)	154,291	153,129	187,119	174,350	53,224
Redeemable preferred stock	—	—	15,631	13,543	—
Stockholders' equity.....	115,658	11,038	7,696	20,420	48,463

No cash dividends have been declared on our common stock.

Shareholder Information

Form 10-K

Copies of the Company's annual report on Form 10-K for the year ended December 31, 2005, filed with the Securities and Exchange Commission on March 17, 2006, may be obtained without charge online at www.cleanharbors.com, or by writing to the Company at 1501 Washington Street P.O. Box 859048 Braintree, MA 02185-9048 Attention: Investor Relations 781.849.1800, ext. 4191

Annual Shareholders Meeting

Friday, May 19th, 2006
9:00 a.m.
The Langham Hotel
250 Franklin Street
Boston, MA 02110
617.451.1900

Auditors

DeLoitte & Touche, LLP
200 Berkeley Street
Boston, MA 02116

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
59 Maiden Lane, Plaza Level
New York, NY 10038
800.937.5449

Corporate Headquarters

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P.O. Box 859048
Braintree, MA 02185-9048
781.849.1800
www.cleanharbors.com

*Clean Harbors is an
Affirmative Action/Equal
Opportunity Employer.*

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.

On March 8, 2006, there were 513 stockholders of record of our common stock, excluding stockholders whose shares were held in nominee name. The Company estimates that approximately 6468 additional stockholders held shares in streetname at that date.

The Company has never declared nor paid any cash dividends on its common stock, and the Company is prohibited under its loan agreements from paying dividends on its common stock.

2005	High	Low	2004	High	Low
First Quarter	\$20.95	\$13.74	First Quarter	\$9.08	\$6.45
Second Quarter	24.06	15.21	Second Quarter	9.98	7.21
Third Quarter	34.49	21.48	Third Quarter	12.11	8.26
Fourth Quarter	36.59	25.45	Fourth Quarter	15.09	10.41

Safe Harbor Statement

Any statements contained herein that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and involve risks and uncertainties. These forward-looking statements 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. 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. A variety of factors beyond the control of the Company may affect the Company's performance, including, but not limited to:

- The Company's ability to manage the significant environmental liabilities which it assumed in connection with the CSD acquisition;
- The availability and costs of liability insurance and financial assurance required by governmental entities relating to our facilities;
- The effects of general economic conditions in the United States, Canada, and other territories and countries where the Company does business;
- The effect of economic forces and competition in specific marketplaces where the Company competes;
- The possible impact of new regulations or laws pertaining to all activities of the Company's operations;
- The outcome of litigation or threatened litigation or regulatory actions;
- The effect of commodity pricing on overall revenues and profitability;
- Possible fluctuations in quarterly or annual results or adverse impacts on the Company's results caused by the adoption of new accounting standards or interpretations, or regulatory rules and regulations;
- The effect of weather conditions or other aspects of the forces of nature on field or facility operations;
- The effects of industry trends in the environmental services and waste handling marketplace; and
- The effects of conditions in the financial services industry on the availability of capital and financing.

Any of the above factors and numerous others not listed nor foreseen may adversely impact the Company's financial performance. Additional information on the potential factors that could affect the Company's actual results of operations is included in its filings with the Securities and Exchange Commission, which may be viewed on the Investor portal of the Company's Web page at www.cleanharbors.com.

Directors

Alan S. McKim

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

John D. Barr

Vice Chairman, Papa Murphy's International, Inc.

John P. DeVillars

Managing Partner, BlueWave Strategies, LLC

Daniel J. McCarthy

Professor of Strategic Management, Northeastern University

John R. Preston

President and Chief Executive Officer, Atomic Ordered Materials

Andrea Robertson

Senior Vice President and Treasurer of MasterCard International

Thomas J. Shields

President and Managing Director, Shields & Co.

Lorne R. Waxlax

Former Executive Vice President, The Gillette Company

John F. Kaslow

Director Emeritus

Consultant to the Energy Industry

Officers

Alan S. McKim

President, Chief Executive Officer, and Chairman of the Board*

Eugene A. Cookson

Executive Vice President—Business Line Management**

Jerry E. Correll

Senior Vice President—Sales

George L. Curtis

Senior Vice President—Pricing and Proposals**

William J. Geary, Esq.

Executive Vice President and General Counsel**

Eric W. Gerstenberg

Senior Vice President—Disposal Services**

Stephen H. Moynihan

Senior Vice President and Treasurer**

William F. O'Connor

Senior Vice President—Risk Management**

David M. Parry

Executive Vice President—Sales and Services**

Anthony Pucillo

Executive Vice President—Marketing, Sales and Central Services**

Phillip G. Retallick

Senior Vice President—Compliance and Regulatory Affairs**

James M. Rutledge

Executive Vice President and Chief Financial Officer*

Michael J. Twohig

Senior Vice President and Chief Information Officer**

Brian P. Weber

Senior Vice President—Transportation**

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