CLEAN HARBORS INC
Form 10-K
March 01, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2009

OR

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

For the transition period from to .
COMMISSION FILE NO. 001-34223

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

Massachusetts (State or other jurisdiction of incorporation or organization)	**04-2997780** (IRS Employer Identification No.)
42 Longwater Drive, Norwell, MA (Address of principal executive offices)	**02061-9149** (Zip Code)

Registrant's telephone number: (781) 792-5000
Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class:	**Name of each exchange on which registered:**
Common Stock, $.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934:

None

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

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

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 twelve 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 ý No o

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

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

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

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

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

On June 30, 2009 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the voting and non-voting common stock of the registrant held by non-affiliates of the registrant was approximately $1.1 billion, based on the closing price of such common stock as of that date on the New York Stock Exchange. Reference is made to Part III of this report for the assumptions on which this calculation is based.

On February 25, 2010, there were outstanding 26,249,155 shares of Common Stock, $.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement for its 2010 annual meeting of stockholders (which will be filed with the Commission not later than April 30, 2010) are incorporated by reference into Part III of this report.

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CLEAN HARBORS, INC.

ANNUAL REPORT ON FORM 10-K

YEAR ENDED DECEMBER 31, 2009

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Disclosure Regarding Forward-Looking Statements

In addition to historical information, this annual 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 such forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in this report under Item 1A, "Risk Factors." Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect managements' opinions only as of the date hereof. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. Readers should also carefully review the risk factors described in other documents which we file from time to time with the Securities and Exchange Commission (the "SEC"), including the quarterly reports on Form 10-Q to be filed by us during 2010.

PART I

ITEM 1. BUSINESS

General

Clean Harbors, Inc. and its subsidiaries (collectively, "we," "Clean Harbors" or the "Company") is a leading provider of environmental, energy and industrial services throughout North America. We serve over 50,000 customers, including a majority of Fortune 500 companies, thousands of smaller private entities and numerous federal, state, provincial and local governmental agencies. We have more than 175 locations, including over 50 waste management facilities, throughout North America in 36 U.S. states, seven Canadian provinces, Mexico and Puerto Rico. We also operate international locations in Bulgaria, China, Singapore, Sweden, Thailand and the United Kingdom.

On July 31, 2009, we acquired 100% of the outstanding common shares of Eveready Inc. ("Eveready"), an Alberta corporation headquartered in Edmonton, Alberta. Eveready provides industrial maintenance and production, lodging, and exploration services to the oil and gas, chemical, pulp and paper, manufacturing and power generation industries. We anticipate this acquisition will enhance our presence in the energy and industrial services market, broaden the range of services we can offer customers, and advance our position in the Canadian marketplace.

The purchase price of the acquisition totaled $410 million and included the issuance of 2.4 million shares of our common stock, assumption of $237 million of Eveready debt, and a cash payment of $56 million to the former Eveready shareholders. The acquisition was announced in April 2009, and as a condition to the approval of the acquisition by the Canadian Commissioner of Competition, we agreed to divest Eveready's Pembina Area Landfill, located near Drayton Valley, Alberta, due to its proximity to our existing landfill in the region.

In connection with the closing of the Eveready acquisition, we re-aligned and expanded our reportable segments. This new structure reflects the way our management makes operating decisions and manages the growth and profitability of our business. The amounts presented for all prior periods throughout this report have been recast to reflect the impact of such changes. Under the new structure, we report our business in four operating segments, including:

- **Technical Services** provide a broad range of hazardous material management services including the packaging, collection, transportation, treatment and disposal of hazardous and non-hazardous waste at Company-owned incineration, landfill, wastewater, and other treatment facilities.

Field Services provide a wide variety of environmental cleanup services on customer sites or other locations on a scheduled or emergency response basis including tank cleaning, decontamination, remediation, and spill cleanup.

Industrial Services provide industrial and specialty services, such as high-pressure and chemical cleaning, catalyst handling, decoking, material processing and industrial lodging services to refineries, chemical plants, pulp and paper mills, and other industrial facilities.

Exploration Services provide exploration and directional boring services to the energy sector serving oil and gas exploration and production, and power generation.

Technical Services and Field Services are included as part of Clean Harbors Environmental Services, and Industrial Services and Exploration Services are included as part of Clean Harbors Energy and Industrial Services.

In connection with our acquisition of Eveready, we were required to obtain waivers from the lenders under our and Eveready's respective then existing credit agreements to allow for the completion of the acquisition and the repayment of Eveready's then outstanding 7% convertible subordinated debentures, and also concurrently with or following the acquisition to secure financing sufficient to pay off or restructure substantially all of the then remaining Eveready indebtedness. We obtained the necessary waivers prior to the closing of the acquisition and subsequently met the financing requirement on August 14, 2009 by issuing $300.0 million principal amount of 7$^{5}/_{8}$% senior secured notes for net proceeds of $292.1 million. We used most of the net proceeds of the offering to repay and terminate substantially all of the then outstanding Eveready debt (other than certain capital leases) assumed in connection with the acquisition and to pay related fees and expenses.

Clean Harbors, Inc. was incorporated in Massachusetts in 1980 and our principal office is located in Norwell, Massachusetts. Effective December 15, 2008, shares of our common stock began trading on the New York Stock Exchange under the symbol CLH. Prior to that time, our stock was traded on The NASDAQ Global Select Market under the symbol CLHB. We maintain a website at the following Internet address: http://www.cleanharbors.com. Through a link on this website to the SEC website, http://www.sec.gov, we provide free access to our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after electronic filing with the SEC. Our guidelines on corporate governance, the charters for our Board Committees, and our code of ethics for members of the Board of Directors, senior officers and the chief executive officer are also available on our website, and we will post on our website any waivers of, or amendments to, such code of ethics. Our website and the information contained therein or connected thereto are not incorporated by reference into this annual report.

Health & Safety

Health & Safety is our #1 priority companywide. Employees at all levels of the Company share this philosophy and are committed to ensuring our safety goals are met. Our commitment to health and safety benefits everyone our employees, our customers, the community, and the environment. Through the efforts of all our employees, we have implemented a successful health and safety-based culture that has continued to lower our Total Recordable Incident Rate ("TRIR"); Days Away, Restricted Activity and Transfer Rate ("DART"); and Experience Modification Rate ("EMR").

In order to protect our employees, continue to lower our incident rates, and satisfy our customers' demands to retain the best service providers with the lowest TRIR, DART and EMR rates, we must continuously improve on our health and safety performance. To meet all of these requirements we launched *SafetyFirst!*, a comprehensive program companywide. *SafetyFirst!* is an employee-based program. All employees recognize the importance of protecting themselves, their fellow employees, their customers, and all those around them from harm. They demonstrate through their words and actions that they will reinforce acceptable safety practices and stop unsafe acts before those acts become a statistic. *SafetyFirst!* is not just a slogan it's our commitment to keep the protection of our fellow workers in the forefront of everything we do.

Compliance

We regard compliance with applicable environmental regulations as critical components of our overall operations. We strive to maintain the highest professional standards in our compliance activities. Our internal operating requirements are in many instances more stringent than those imposed by regulation. Our compliance program has been developed for each of our waste management facilities and service centers under the direction of our corporate staff. The compliance staff is responsible for facilities permitting and regulatory compliance, compliance training, transportation compliance, and related record keeping. To ensure the effectiveness of our regulatory compliance program, our compliance staff monitors daily operational activities and issues a monthly report to senior management concerning the status of environmental compliance and health and safety programs. We also have an Environmental Health and Safety Compliance Internal Audit Program designed to identify any weaknesses or opportunities for improvement in our ongoing compliance programs. We also perform periodic audits and inspections of the disposal facilities of other firms which we utilize.

Our facilities are frequently inspected and audited by regulatory agencies, as well as by customers. Although our facilities have been cited on occasion for regulatory violations, we believe that each of our facilities is currently in substantial compliance with applicable requirements. Each of our major facilities and service centers has a full-time compliance representative to oversee the implementation of our compliance program at the facility or service center.

Strategy

Our strategy is to develop and maintain ongoing relationships with a diversified group of customers who have recurring needs for environmental, energy or industrial services. We strive to be recognized as the premier supplier of a broad range of value-added services based upon quality, responsiveness, customer service, information technologies, breadth of service offerings and cost effectiveness.

The principal elements of our business strategy are to:

Expand Service Offerings and Geographic Coverage We believe our Technical and Field Services segments have a competitive advantage, particularly in areas where service centers are located at or near a treatment, storage and disposal facility ("TSDF"). By opening additional service centers in close proximity to our TSDFs, we believe that we can, with minimal capital expenditures, increase our market share within the Field Services segment. We believe this will drive additional waste to our existing facilities, thereby increasing utilization and enhancing overall profitability. Furthermore, we believe we can expand our Industrial and Exploration Services segments across a broader geographic area, thereby providing additional services to new markets.

Cross-Sell Across Segments We believe the breadth of our service offerings allows us to provide additional services to existing customers. In particular, we believe we can provide energy and industrial services to customers which traditionally have only used our environmental services and environmental services to customers which traditionally have only used our energy and industrial services. We believe leveraging our ability to cross-sell environmental and energy and industrial services will drive increased revenue within our existing customer base.

Capture Large-Scale Projects We provide turnkey offsite transportation and landfill or incineration disposal services for soil and other contaminated media generated from remediation activities. We also assist remediation contractors and project managers with support services including groundwater disposal, investigation derived waste disposal, rolloff container management, and many other related services. We believe this will drive incremental waste volume to our existing facilities, thereby increasing utilization and enhancing overall profitability.

Expand Throughput Capacity of Existing Waste Facilities We operate an extensive network of hazardous waste management facilities and have made substantial investments in these facilities to date, which provide us with significant operating leverage as volumes increase. In addition, there are opportunities to expand waste handling capacity at these facilities by modifying the terms of the existing permits and by adding equipment and new technology. Through selected permit modifications, we can expand the range of treatment services offered to our customers without the large capital investment necessary to acquire or build new waste management facilities.

Pursue Selective Acquisitions We actively pursue accretive "bolt-on" acquisitions in certain services or market sectors where we believe such acquisitions can enhance and expand our business with minimal capital outlay. We believe that we can expand existing services, especially in our non-disposal services, through strategic acquisitions in order to generate incremental revenues from existing and new customers and to obtain greater market share. We also continue to review other acquisition possibilities on a case-by-case basis.

Focus on Cost, Pricing and Productivity Initiatives We continually seek to increase efficiency and to reduce costs in our business through enhanced technology, process efficiencies and stringent expense management.

Competitive Strengths

Leading Provider of Environmental, Energy and Industrial Services We are one of the largest providers of environmental, energy and industrial services and the largest operator of non-nuclear hazardous waste treatment facilities in North America based on 2008 industry reports. We provide multi-faceted and low cost services to a broad mix of customers. We attract and better serve our customers because of our capabilities and the size, scale and geographic location of our assets, which allow us to serve multiple locations.

Large and Diversified Customer Base Our customers range from Fortune 500 companies to midsize and small public and private entities that span multiple industries and business types, including governmental entities. This diversification limits our credit exposure to any one customer or industry.

Stable and Recurring Revenue Base We have long-standing relationships with our customers. Our diversified customer base also provides stable and recurring revenues as a majority of our revenues are derived from previously served customers with recurring needs for our services. In addition, the costs to many of our customers of switching providers are high. This is due to many customers' desire to audit disposal facilities prior to their qualification as approved sites and to limit the number of facilities to which their wastes are shipped in order to reduce their potential liability under U.S. and Canadian environmental regulations. We have been selected as an approved vendor by large generators of waste because we possess comprehensive collection, recycling, treatment, transportation, disposal, and waste tracking capabilities and have the expertise necessary to comply with applicable environmental laws and regulations. Those customers that have selected us as an approved vendor typically continue to use our services on a recurring basis.

Comprehensive Service Capabilities Our comprehensive service offerings allow us to act as a full-service provider to our customers. Our full-service orientation creates incremental revenue growth as customers seek to minimize the number of outside vendors and demand "one-stop" service providers. We also have the ability to cross-sell our energy and industrial services to customers who have traditionally used our environmental services, while also cross-selling environmental services to customers who have traditionally used our energy and industrial services. Our expanded geographic coverage maximizes the number of customer facilities that we can service.

Integrated Network of Assets We operate, in the aggregate, the largest number of incinerators, landfills, treatment facilities and TSDFs in North America. Our broad service network enables us to effectively handle a waste stream from origin through disposal and to efficiently direct and internalize our waste streams to reduce costs. As our processing of wastes increase, our size allows us to increase our cash flow and earnings as we can internalize a greater volume of waste in our incinerators and landfills.

Regulatory Compliance We continue to make capital investments in our facilities to ensure that they are in compliance with current federal, state, provincial and local regulations. Companies that rely on in-house disposal may find the current regulatory requirements to be too capital-intensive or complicated, and may choose to outsource many of their hazardous waste disposal needs.

Effective Cost Management Our significant scale allows us to maintain low costs through standardized compliance procedures, significant purchasing power, research and development capabilities and our ability to efficiently utilize logistics and transportation to economically direct waste streams to the most efficient facility. We also have the ability to transport and process with internal resources the substantial majority of all hazardous waste that we manage for our customers. Finally, we are committed to reducing costs and have reduced headcount and other operating costs.

Proven and Experienced Management Team Our executive management team provides depth and continuity. Our 16 executive officers collectively have over 194 years of experience in the environmental, energy and industrial services industries. Our Chief Executive Officer founded our Company in 1980, and the average tenure of the 15 other members of the executive management team exceeds 11 years.

Operations

General

We report our business in the previously discussed four operating segments, which are Technical Services, Field Services, Industrial Services and Exploration Services.

Seasonality and Cyclical Nature of Business. Our operations may be affected by seasonal fluctuations due to weather and budgetary cycles influencing the timing of customers' spending for remedial activities. Typically during the first quarter of each year there is less demand for environmental services due to the cold weather, particularly in the Northern and Midwestern United States and Canada. Accordingly, reduced volumes of waste are received at our facilities and higher operating costs are associated with operating in sub-freezing weather and high levels of snowfall. In addition, factory closings for the year-end holidays reduce the volume of industrial waste generated, which results in lower volumes of waste handled by us during the first quarter of the following year.

Conversely, typically during the first quarter of each year there is more demand for energy and industrial services due to the cold weather, particularly in Alberta, Canada, and less demand during the warmer months. The main reason for this is that the areas we service in Alberta are easier to access when the cold conditions make the terrain more suitable for companies to deploy their equipment. During the warmer months, thawing and mud conditions may impede deployment of equipment.

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Geographical Information. For the year ended December 31, 2009, we derived $787.9 million or 73.3% of revenues from customers located in the United States and Puerto Rico, $285.7 million or 26.6% of revenues from customers located in Canada, and less than 1.0% of revenues from customers in other international locations. For the year ended December 31, 2008, we derived approximately $897.2 million or 87.0% of revenues from customers located in the United States and Puerto Rico, approximately $132.8 million or 12.9% of revenues from customers located in Canada, and less than 1.0% of revenues from customers in Mexico.

Technical Services

These services involve the collection, transport, treatment and disposal of hazardous and non-hazardous wastes, and include resource recovery, physical treatment, fuels blending, incineration, landfill disposal, wastewater treatment, lab chemical disposal, explosives management, and CleanPack® services. Our CleanPack services include the collection, identification and categorization, specialized packaging, transportation and disposal of laboratory chemicals and household hazardous wastes. Our technical services are provided through a network of service centers from which a fleet of trucks are dispatched to pick up customers' waste either on a predetermined schedule or on-demand, and to deliver the waste to permitted facilities, which are usually Company-owned. Our service centers can also dispatch chemists to a customer location for the collection of chemical and laboratory waste for disposal.

Collection, Transportation and Logistics Management. As an integral part of our services, we collect industrial wastes from customers and transport such wastes to and between our facilities for treatment or bulking for shipment to final disposal locations. Customers typically accumulate waste in containers, such as 55 gallon drums, bulk storage tanks or 20 cubic yard roll-off containers. In providing this service, we utilize a variety of specially designed and constructed tank trucks and semi-trailers as well as third-party transporters, including railroads.

Treatment and Disposal. We recycle, treat and dispose of hazardous and non-hazardous industrial wastes. The wastes handled include substances, which are classified as "hazardous" because of their corrosive, ignitable, infectious, reactive or toxic properties, and other substances subject to federal, state and provincial environmental regulation. We provide final treatment and disposal services designed to manage wastes which cannot be otherwise economically recycled or reused. The wastes we handle come in solid, sludge, liquid and gas form.

We operate a network of TSDFs that collect, temporarily store and/or consolidate compatible waste streams for more efficient transportation to final recycling, treatment or disposal destinations. These facilities hold special permits, such as Part B permits under the Resource Conservation and Recovery Act ("RCRA") in the United States, which allows them to process waste through various technologies including recycling, incineration, and landfill and wastewater treatment. The types of waste we handle include:

- Flammables, combustibles and other organics;
- Acids and caustics;
- Reactive waste;
- Cyanides and sulfides;
- Industrial wastewaters;
- Items containing polychlorinated biphenyls ("PCBs"), such as utility transformers and electrical light ballasts;
- Other regulated wastes; and
- Non-hazardous industrial waste.

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We receive detailed waste profiles prepared by our customers to document the nature of the waste. A sample of the delivered waste is tested to ensure that it conforms to the customer generated waste profile record and to select an appropriate method of treatment and disposal. Once the wastes are characterized, compatible wastes are consolidated to achieve economies in storage, handling, transportation and ultimate treatment and disposal. At the time of acceptance of a customer's waste at our facility, a unique computer "bar code" identification label is assigned to each container of waste, enabling the use of sophisticated computer systems to track and document the status, location and disposition of the waste.

Resource Recovery and Fuels Blending. We operate recycling systems for the reclamation and reuse of certain wastes, particularly solvent-based wastes generated by industrial cleaning operations, metal finishing and other manufacturing processes. Resource recovery involves the treatment of wastes using various methods, which effectively remove contaminants from the original material to restore its fitness for its intended purpose and to reduce the volume of waste requiring disposal.

Spent solvents that can be recycled are processed through fractional distillation, thin film evaporation and other processes and are recovered into usable products. Upon recovery of these products, we either return the recovered solvents to the original generator or sell them to third parties. Organic liquids and solids with sufficient heat value are blended to meet strict specifications for use as supplemental fuels for incinerators, cement kilns, industrial furnaces and other high efficiency boilers. We have installed fuels blending equipment at some TSDFs to prepare these supplemental fuels. When possible, we burn fuel blended material at our incinerators. Otherwise, we send the fuel blended material to supplemental fuel users that are licensed to accept the blended fuel material. Although we pay a fee to the users that accept this product, this disposal method is substantially less costly than other disposal methods.

Incineration. Incineration is the preferred method for the treatment of organic hazardous waste, because it effectively destroys the contaminants at high temperatures. High temperature incineration effectively eliminates organic wastes such as herbicides, halogenated solvents, pesticides, and pharmaceutical and refinery wastes, regardless of whether they are gases, liquids, sludge or solids. Federal and state incineration regulations require a destruction and removal efficiency of 99.99% for most organic wastes and 99.9999% for PCBs and dioxins.

We have six active incineration facilities that offer a wide range of technological capabilities to customers through this network. In the United States, we operate a fluidized bed thermal oxidation unit for maximum destruction efficiency of hazardous waste with an estimated annual capacity of 58,808 tons and three solids and liquids capable incineration facilities with a combined estimated annual capacity of 327,400 tons. We also operate two hazardous waste liquid injection incinerators in Canada with total annual capacity of approximately 165,000 tons.

Our incineration facilities in Kimball, Nebraska, Deer Park, Texas, El Dorado, Arkansas and Aragonite, Utah are designed to process liquid organic wastes, sludge, solids, soil and debris. The Deer Park facility has two kilns and a rotary reactor. Our El Dorado, Arkansas incineration facility specializes in the treatment of bulk and containerized hazardous liquids, solids and sludge through two rotary kilns. Our incineration facilities in Kimball, Nebraska and Deer Park, Texas have on-site landfills for the disposal of ash produced as a result of the incineration process.

Our incineration facilities in Mercier, Quebec and Lambton, Ontario are liquid injection incinerators, designed primarily for the destruction of liquid organic waste. Typical waste streams include wastewater with low levels of organics and other higher concentration organic liquid wastes not amenable to conventional physical or chemical waste treatment.

Landfills. Landfills are used primarily for the disposal of inorganic wastes. In the United States and Canada, we operate nine commercial landfills, excluding the Pembina Area Landfill which

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Eveready owned and operated but which we have agreed to divest. Seven of our commercial landfills are designed and permitted for the disposal of hazardous wastes and two of our landfills are operated for non-hazardous industrial waste disposal and, to a lesser extent, municipal solid waste. In addition to our commercial landfills, we also own and operate two non-commercial landfills that only accept waste from our on-site incinerators.

Of our seven commercial landfills used for disposal of hazardous waste, five are located in the United States and two are located in Canada. As of December 31, 2009, the useful economic lives of these landfills include approximately 22.8 million cubic yards of remaining capacity. This estimate of the useful economic lives of these landfills includes permitted airspace and unpermitted airspace that our management believes to be probable of being permitted based on our analysis of various factors. In addition to the capacity included in the useful economic lives of these landfills, there are approximately 36.8 million cubic yards of additional unpermitted airspace capacity included in the footprints of these landfills that may ultimately be permitted. There can be no assurance that this unpermitted additional capacity will be permitted. In addition to the hazardous waste landfills, we operate two non-hazardous industrial landfills with 2.1 million cubic yards of remaining permitted capacity. These two facilities are located in the United States and have been issued operating permits under the authority of Subtitle D of RCRA. Prior to issuance of a permit, we must demonstrate to the permitting agency that our non-hazardous industrial landfills have, and must subsequently employ, operational programs protective of the integrity of the landfill, human health and the surrounding environment. Our non-hazardous landfill facilities are permitted to accept commercial industrial waste, including wastes from foundries, demolition and construction, machine shops, automobile manufacturing, printing, metal fabrications and recycling.

Many of our landfills perform physical treatment of waste prior to final disposal. Physical treatment methods include separation and stabilization. These methods are used to reduce the volume or toxicity of waste material. Separation utilizes techniques such as sedimentation, filtration, flocculation and centrifugation to remove solid materials from liquids. Stabilization refers to a category of waste treatment processes designed to reduce contaminant mobility or solubility and convert waste to a more chemically stable form. Stabilization technology includes many classes of immobilization systems and applications. Stabilization is a frequent treatment method for metal bearing wastes received at several of our facilities, which treat the waste to meet specific federal land disposal restrictions. After treatment, the waste is tested to confirm that treatment standards have been met.

Wastewater Treatment. We operate seven wastewater treatment facilities that offer a range of wastewater treatment technologies. These wastewater treatment operations involve processing hazardous and non-hazardous wastes through the use of physical and chemical treatment methods. The solid waste materials produced by these wastewater processing operations are then disposed of at Company-owned facilities or select third party facilities, while the treated effluent is discharged to the local sewer system under permit.

Our wastewater treatment facilities treat a broad range of industrial liquid and semi-liquid wastes containing heavy metals, organics and suspended solids, including:

- Acids and caustics;
- Ammonias, sulfides and cyanides;
- Heavy metals, ink wastes and plating solutions;
- Landfill leachate and scrubber waters; and
- Oily wastes and water soluble coolants.

Explosives Management. We dispose of munitions and other explosives at our facility in Colfax, Louisiana. The Colfax facility is capable of treating a wide range of materials from fireworks and contaminated debris to rocket motors. Materials are managed in one of 20 permitted thermal treatment burn units. Residue is collected from the treatment process and shipped off-site for disposal at an approved facility. Metal by-products are shipped off-site for recycling.

Field Services

These services provide customers with highly skilled experts who utilize specialty equipment and resources to perform services at any chosen location. Our field service crews and equipment are dispatched on a planned or emergency basis, and perform services such as confined space entry for tank cleaning, site decontamination, large remediation projects, demolition, spill cleanup, railcar cleaning, product recovery and transfer, scarifying and media blasting and vacuum services. Additional services include used oil and oil products recycling, as well as PCB management and disposal. Other services include filtration and water treatment services.

Industrial Services

These services include a wide range of industrial maintenance services provided at refineries, chemical plants, pulp and paper mills, manufacturing, and power generation facilities, as well as production support services in the field for oil and gas companies. Many of our industrial services are provided within the oil sands region in Alberta, Canada. Our crews handle a variety of specialized industrial services including plant outage and turnaround services, decoking and pigging, catalyst handling, chemical cleaning, high and ultra-high pressure water cleaning, and large tank and surface impoundment cleaning. Our lodging and rentals services primarily consist of premier industrial lodges and drill camp accommodations for companies operating in the Alberta oil sands region. We also offer for rent or sale a variety of oilfield equipment including access rentals, well-site units, and production equipment. Other services include industrial health and safety services.

Exploration Services

We provide a variety of services to support exploration programs for oil and gas companies. Some of the core services we offer include geospatial data imaging, line clearing, heli-portable and track drilling, seismic surveying, and land development. Our directional boring services support oil and gas companies and municipalities by installing pipeline, fiber optic, cable, gas, and water and sewer lines.

Other Services

Apollo Onsite Services. Our Apollo Onsite Services Program is an on-site solution that allows customers to outsource all or portions of their environmental management program. Select technicians work on a customer's site in tandem with the customer to deliver proper waste transportation and disposal, lab chemical packing, and field services and industrial services where appropriate. Whether a customer requires a single field technician or a multi-person team of diversified experience, we design a program to satisfy the customer's specific need. Additionally, the Apollo Onsite Services Program leverages our transportation and disposal assets by providing incremental volumes to process at our facilities.

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Information Management Services. Our Online Services allow customers free access to their waste information online, 24-hours per day, seven days per week. Customers can manage their waste profiles; run reports such as waste tracking reports and data for regulatory reporting; and have the ability to view, print or download signed manifests.

Competition

The hazardous waste management industry in which we compete is highly competitive. The sources of competition vary by locality and by type of service rendered, with competition coming from national and regional waste services companies and hundreds of privately-owned firms. Philip Services Corp. (PSC), Veolia Environmental Services, and Waste Management, Inc. (WM) are the principal national firms with which we compete. Each of these competitors is able to provide one or more of the environmental services offered by us.

In the United States, the original generators of hazardous waste remain liable under federal and state environmental laws for improper disposal of such wastes. Even if waste generators employ companies that have proper permits and licenses, knowledgeable customers are therefore interested in the reputation and financial strength of the companies they use for management of their hazardous wastes. We believe that our technical proficiency and reputation are important considerations to our customers in selecting and continuing to utilize our services.

We believe that the depth of our recycling, treatment and disposal capabilities and our ability to collect and transport waste products efficiently, quality of service, safety, and pricing are the most significant factors in the market for treatment and disposal services.

For our technical and field services, competitors include several major national and regional environmental services firms, as well as numerous smaller local firms. We believe the availability of skilled technical professional personnel, quality of performance, diversity of services and price are the key competitive factors in this service industry.

The energy and industrial services industry in which we compete is also highly competitive. The sources of competition vary by locality and by type of service rendered, with competition coming from national and regional service providers, and hundreds of privately-owned firms that offer energy or industrial services. CEDA International Corporation and Newalta in Canada, and Philip Services Corp. (PSC) and Veolia Environmental Services in the United States, are the principal national firms with which we compete. Each of these competitors is able to provide one or more of the energy or industrial services offered by us. We believe the availability of specialized equipment, skilled technical professional personnel, quality of performance, diversity of services and price are the key competitive factors in this service industry.

The principal methods of competition for all of our services are price, quality, reliability of service rendered and technical proficiency. We believe that we offer a more comprehensive range of environmental, energy and industrial services than our competitors in major portions of our service territory, and that our ability to provide comprehensive services supported by unique information technologies capable of managing the customers' overall environmental programs constitutes a significant advantage.

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Employees

As of December 31, 2009, we employed approximately 6,399 active full-time employees, of which 647 employees (10%) are represented by labor unions. We believe that our relationship with our employees is satisfactory.

	Number of Employees
Unions in the United States:	
International Brotherhood of Teamsters	183
United Steelworkers' Union	206
Unions in Canada:	
Communication, Energy and Paper Workers' Union	97
International Brotherhood of Teamsters	69
International Union of Operating Engineers	40
International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers And Helpers	52
Non-union employees	5,752
	6,399

As part of our commitment to employee safety and quality customer service, we have an extensive compliance program and a trained environmental, health and safety staff. We adhere to a risk management program designed to reduce potential liabilities to us and to our customers.

Intellectual Property

We have invested significantly in the development of proprietary technology and also to establish and maintain an extensive knowledge of leading technologies and incorporate these technologies into the services we offer and provide to our customers. We hold a total of 15 U.S. and 12 foreign patents (which will expire between 2010 and 2024), and 16 U.S. and three foreign trademarks. We also license software and other intellectual property from various third parties. We enter into confidentiality agreements with certain of our employees, consultants and corporate partners, and control access to software documentation and other proprietary information. We believe that we hold adequate rights to all intellectual property used in our business and that we do not infringe upon any intellectual property rights held by other parties.

Management of Risks

We adhere to a program of risk management policies and practices designed to reduce potential liability, as well as to manage customers' ongoing environmental exposures. This program includes installation of risk management systems at our facilities, such as fire suppression, employee training, environmental, auditing and policy decisions restricting the types of wastes handled. We evaluate all revenue opportunities and decline those that we believe involve unacceptable risks.

We dispose of waste at our incineration, wastewater treatment and landfill facilities, or at facilities owned and operated by other firms that we have audited and approved. Typically, we apply established technologies to the treatment, storage and recovery of hazardous wastes. We believe our operations are conducted in a safe and prudent manner and in substantial compliance with applicable laws and regulations.

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Insurance and Financial Assurance

Our insurance programs cover the potential risks associated with our multifaceted operations from two primary exposures: direct physical damage and third party liability. We maintain a casualty insurance program providing coverage for vehicles, employer's liability and commercial general liability in the aggregate amount of $55.0 million, $52.0 million and $52.0 million, respectively, per year, subject to a retention of $0.5 million per occurrence. We also have workers' compensation insurance whose limits are established by state statutes. Since the early 1980s, casualty insurance policies have typically excluded liability for pollution, which is covered under a separate pollution liability program; however, our auto liability policy does provide the first $5.0 million of transportation pollution insurance.

We have pollution liability insurance policies covering potential risk in three areas: as a contractor performing services at customer sites, as a transporter of waste and for waste processing at our facilities. The contractor's pollution liability insurance has limits of $15.0 million per occurrence and $25.0 million in the aggregate, covering offsite remedial activities and associated liabilities. A $0.25 million deductible applies to this policy.

For in-transit pollution liability, the pollution liability policy provides coverage for up to $45.0 million per occurrence and $55.0 million aggregate excess above the primary $5.0 million auto liability policy. The combined policies provide us with coverage for up to $50.0 million per occurrence and $60.0 million aggregate for sudden and accidental occurrences during transportation of waste from the time waste is picked up from a customer until its delivery to the final disposal site. A $0.5 million deductible applies to this coverage.

Federal and state regulations require liability insurance coverage for all facilities that treat, store or dispose of hazardous waste. RCRA, the Toxic Substances Control Act, and comparable state hazardous waste regulations typically require hazardous waste handling facilities to maintain pollution liability insurance in the amount of $1.0 million per occurrence and $2.0 million in the aggregate for sudden occurrences, and $3.0 million per occurrence and $6.0 million in the aggregate for non-sudden occurrences. Steadfast Insurance Company (a unit of Zurich Insurance N.A.) provides insurance for our treatment, storage and disposal activities that meet the regulatory requirements. In addition, this policy provides excess limits above the regulatory requirements up to $30.0 million.

Under our insurance programs, coverage is obtained for catastrophic exposures as well as those risks required to be insured by law or contract. It is our policy to retain a significant portion of certain expected losses related primarily to employee benefit, workers' compensation, commercial general and vehicle liability. Provisions for losses expected under these programs are recorded based upon our estimates of the actuarial promulgation of the aggregate liability for claims. We believe that policy cancellation terms are similar to those of other companies in other industries.

Operators of hazardous waste handling facilities are also required by federal, state and provincial regulations to provide financial assurance for closure and post-closure care of those facilities should the facilities cease operation. Closure would include the cost of removing the waste stored at a facility which ceased operating and sending the material to another facility for disposal and the cost of performing certain procedures for decontamination of the facilities. The total amount of the closure and post-closure financial assurance which we have been required by regulators to provide is approximately $319.7 million for U.S. facilities and $22.7 million for Canadian facilities. We have placed the required financial assurance for closure through a qualified insurance company, Steadfast Insurance Company.

Environmental Regulation

While our business has benefited substantially from increased governmental regulation of hazardous waste transportation, storage and disposal, the environmental services industry itself has become the subject of extensive and evolving regulation by federal, state, provincial and local authorities. We are required to obtain federal, state, provincial and local permits or approvals for each of our hazardous waste facilities. Such permits are difficult to obtain and, in many instances, extensive studies, tests, and public hearings are required before the approvals can be issued. We have acquired all operating permits and approvals now required for the current operation of our business, and have applied for, or are in the process of applying for, all permits and approvals needed in connection with continued operation and planned expansion or modifications of our operations.

We make a continuing effort to anticipate regulatory, political and legal developments that might affect operations, but are not always able to do so. We cannot predict the extent to which any environmental legislation or regulation that may be enacted or enforced in the future may affect our operations.

United States Hazardous Waste Regulation

Federal Regulations. The most significant federal environmental laws affecting us are the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the "Superfund Act," the Clean Air Act, the Clean Water Act, and the Toxic Substances Control Act ("TSCA").

RCRA. RCRA is the principal federal statute governing hazardous waste generation, treatment, transportation, storage and disposal. Pursuant to RCRA, the U.S. Environmental Protection Agency (the "EPA") has established a comprehensive "cradle-to-grave" system for the management of a wide range of materials identified as hazardous or solid waste. States that have adopted hazardous waste management programs with standards at least as stringent as those promulgated by the EPA have been delegated authority by the EPA to administer their facility permitting programs in lieu of the EPA's program.

Every facility that treats, stores or disposes of hazardous waste must obtain a RCRA permit from the EPA or an authorized state agency, unless a specific exemption exists, and must comply with certain operating requirements. Under RCRA, hazardous waste management facilities in existence on November 19, 1980 were required to submit a preliminary permit application to the EPA, the so-called Part A Application. By virtue of this filing, a facility obtained interim status, allowing it to operate until licensing proceedings are instituted pursuant to more comprehensive and exacting regulations (the Part B permitting process). Interim Status facilities may continue to operate pursuant to the Part A Application until their Part B permitting process is concluded.

RCRA requires that Part B permits contain provisions for required on-site study and cleanup activities, known as "corrective action," including detailed compliance schedules and provisions for assurance of financial responsibility. See Note 8, "Closure and Post-Closure Liabilities," and Note 9, "Remedial Liabilities," to our consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data," for a discussion of our environmental liabilities. See "Insurance and Financial Assurance" above for a discussion of our financial assurance requirements.

The Superfund Act. The Superfund Act is the primary federal statute regulating the cleanup of inactive hazardous substance sites and imposing liability for cleanup on the responsible parties. It also provides for immediate response and removal actions coordinated by the EPA to releases of hazardous substances into the environment, and authorizes the government to respond to the release or threatened release of hazardous substances or to order responsible persons to perform any necessary cleanup. The statute provides for strict, and in certain cases, joint and several liability for these responses and other related costs, and for liability for the cost of damages to natural resources, to the parties involved in the generation, transportation and disposal of such hazardous substances. Under the statute, we may be deemed liable as a generator or transporter of a hazardous substance which is released into the environment, or as the owner or operator of a facility from which there is a release of

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a hazardous substance into the environment. See Note 18, "Commitments and Contingencies," to our consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data," for a description of the principal such proceedings in which we are involved.

The Clean Air Act. The Clean Air Act was passed by Congress to control the emissions of pollutants into the air and requires permits to be obtained for certain sources of toxic air pollutants such as vinyl chloride, or criteria pollutants, such as carbon monoxide. In 1990, Congress amended the Clean Air Act to require further reductions of air pollutants with specific targets for non-attainment areas in order to meet certain ambient air quality standards. These amendments also require the EPA to promulgate regulations, which (i) control emissions of 189 hazardous air pollutants; (ii) create uniform operating permits for major industrial facilities similar to RCRA operating permits; (iii) mandate the phase-out of ozone depleting chemicals; and (iv) provide for enhanced enforcement.

In 2009 the EPA enacted regulations under its Clean Air Act authority requiring the mandatory reporting from all sources that emit 25,000 tons per year of greenhouse gasses. The regulations are administrative in nature and do not place any restrictions on our operations. We have evaluated each of our operations and determined that compliance with these new regulations will not have a material impact on our operations.

The Clean Water Act. This legislation prohibits discharges into the waters of the United States without governmental authorization and regulates the discharge of pollutants into surface waters and sewers from a variety of sources, including disposal sites and treatment facilities. The EPA has promulgated "pretreatment" regulations under the Clean Water Act, which establish pretreatment standards for introduction of pollutants into publicly owned treatment works. In the course of the treatment process, our wastewater treatment facilities generate wastewater, which we discharge to publicly owned treatment works pursuant to permits issued by the appropriate governmental authority. We are required to obtain discharge permits and conduct sampling and monitoring programs. We believe each of our operating facilities complies in all material respects with the applicable requirements.

In December 2000, the EPA promulgated new effluent limitations, pretreatment standards and source performance standards for centralized wastewater treatment facilities. Centralized wastewater treatment facilities receive and treat a wide variety of hazardous and non-hazardous wastewaters from offsite companies and discharge the treated water directly to waterways or to municipal sewer systems. These rules set stringent limits for the discharge of metals, organic compounds and oil. All of our wastewater treatment facilities were affected by these rules and were in substantial compliance with the discharge standards by December 2004.

TSCA. We also operate a network of collection, treatment and field services (remediation) activities throughout North America that are regulated under provisions of TSCA. TSCA established a national program for the management of substances classified as PCBs, which include waste PCBs as well as RCRA wastes contaminated with PCBs. The rules set minimum design and operating requirements for storage, treatment and disposal of PCB wastes. Since their initial publication, the rules have been modified to enhance the management standards for TSCA-regulated operations including the decommissioning of PCB transformers and articles; detoxification of transformer oils; incineration of PCB liquids and solids; landfill disposal of PCB solids; and remediation of PCB contamination at customer sites.

Other Federal Laws. In addition to regulations specifically directed at the transportation, storage, and disposal facilities, there are a number of regulations that may "pass-through" to the facilities based on the acceptance of regulated waste from affected client facilities. Each facility that accepts affected waste must comply with the regulations for that waste, facility or industry. Examples of this type of regulation are National Emission Standards for Benzene Waste Operations and National Emissions

Standards for Pharmaceuticals Production. Each of our facilities addresses these regulations on a case-by-case basis determined by its ability to comply with the pass-through regulations.

In our transportation operations, we are regulated by the U.S. Department of Transportation, the Federal Railroad Administration, the Federal Aviation Administration and the U.S. Coast Guard, as well as by the regulatory agencies of each state in which we operate or through which our vehicles pass.

Health and safety standards under the Occupational Safety and Health Act ("OSHA") are applicable to all of our operations in all four of our segments.

State and Local Regulations. Pursuant to the EPA's authorization of their RCRA equivalent programs, a number of U.S. states have regulatory programs governing the operations and permitting of hazardous waste facilities. Accordingly, the hazardous waste treatment, storage and disposal activities of a number of our facilities are regulated by the relevant state agencies in addition to federal EPA regulation.

Some states classify as hazardous some wastes that are not regulated under RCRA. For example, Massachusetts considers used oil as "hazardous wastes" while RCRA does not. Accordingly, we must comply with state requirements for handling state regulated wastes, and, when necessary, obtain state licenses for treating, storing, and disposing of such wastes at our facilities.

We believe that each of our facilities is in substantial compliance with the applicable requirements of federal and state laws, the regulations thereunder, and the licenses which we have obtained pursuant thereto. Once issued, such licenses have maximum fixed terms of a given number of years, which differ from state to state, ranging from three to ten years. The issuing state agency may review or modify a license at any time during its term. We anticipate that once a license is issued with respect to a facility, the license will be renewed at the end of its term if the facility's operations are in compliance with applicable requirements. However, there can be no assurance that regulations governing future licensing will remain static, or that we will be able to comply with such requirements.

Our wastewater treatment facilities are also subject to state and local regulation, most significantly sewer discharge regulations adopted by the municipalities which receive treated wastewater from the treatment processes. Our continued ability to operate our liquid waste treatment process at each such facility is dependent upon our ability to continue these sewer discharges.

Our facilities are regulated pursuant to state statutes, including those addressing clean water and clean air. Local sewer discharge and flammable storage requirements are applicable to certain of our facilities. Our facilities are also subject to local siting, zoning and land use restrictions. Although our facilities occasionally have been cited for regulatory violations, we believe we are in substantial compliance with all federal, state and local laws regulating our business.

Canadian Hazardous Waste Regulation

In Canada, the provinces retain control over environmental issues within their boundaries and thus have the primary responsibility for regulating management of hazardous wastes. The federal government regulates issues of national scope or where activities cross provincial boundaries.

Provincial Regulations. Most of Canada's industrial development and the major part of its population are located in four provinces: Ontario, Quebec, Alberta and British Columbia. These provinces have the most detailed environmental regulations. We operate major waste management facilities in each of these provinces, as well as waste transfer facilities in Nova Scotia and Manitoba.

The main provincial acts dealing with hazardous waste management are:

Ontario	Environmental Protection Act;
Quebec	Environmental Quality Act;

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Alberta Environmental Protection and Enhancement Act; and

British Columbia Waste Management Act.

These pieces of legislation were developed by the provinces totally independently and, among other things, generally control the generation, characterization, transport, treatment and disposal of hazardous wastes. Regulations developed by the provinces under the relevant legislation are also developed independently, but are often quite similar in effect and sometimes in application. For example, there is some uniformity in manifest design and utilization.

Provincial legislation also provides for the establishment of waste management facilities. In this case, the facilities are also controlled by provincial statutes and regulations governing emissions to air, groundwater and surface water and prescribing design criteria and operational guidelines.

On August 12, 2005, the Ontario Ministry of the Environment adopted new regulations which prohibit land disposal of untreated hazardous waste and require the waste to meet specific treatment standards prior to land disposal. Land disposal includes onsite and offsite land filling, land farming and any other form of land disposal. These requirements are similar to the RCRA Land Disposal Restrictions, or "LDR," enacted in the United States and thus bring the Province of Ontario in closer conformity with the United States regulatory scheme. The new Ontario LDR commenced in 2007 through a phased-in schedule based on specific inorganic waste streams, and are now fully implemented with the regulation of organic waste streams that became effective at the end of 2009.

We carefully analyzed the new regulations to determine their impact on our operations in Ontario and made a series of operational improvements at our Lambton landfill facility aimed at receiving all waste regulated under the new LDR and applying treatment technologies to compliantly dispose of the waste at the landfill. These operational improvements included the construction of a new totally enclosed LDR waste treatment and stabilization building which was completed in September 2007 under a Certificate of Approval from the Ontario Ministry of the Environment. These modifications allow us to compliantly accept, treat and dispose of inorganic streams subject to the new LDR. The Ministry also approved a series of proprietary organic waste treatment methods that allow the Lambton facility to accept, for example, spent aluminum pot liner waste for pre-treatment, followed by LDR-compliant disposal within the landfill. Additionally, the Ministry has approved various disposal methodologies associated with the management of debris contaminated with organic chemical constituents subject to LDR regulation. We continue to evaluate other potential customer waste streams subject to the new LDR standards and modify on-site waste treatment processes to accommodate these streams at the Lambton landfill.

Waste transporters require a permit to operate under provincial waste management regulations and are subject to the requirements of the Federal Transportation of Dangerous Goods legislation. They are required to report the quantities and disposition of materials shipped.

Within the provincial regulations, definitions of hazardous wastes are quite similar. Wastes can be defined as hazardous based on origin or characteristic and the descriptions or parameters involved are very similar to those in effect in the United States. A major difference between the United States regulatory regime and those in Canada relates to ownership and liability. Under Canadian provincial regulations, ownership changes when waste is transferred to a properly permitted third party carrier and subsequently to an approved treatment and disposal facility. This means that the generator is no longer liable for improper handling, treatment or disposal, responsibility having been transferred to the carrier or the facility. Exceptions may occur if the carrier is working under contract to the generator or if the waste is different from that which was originally contracted among the parties.

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Canadian Federal Regulations. The Canadian federal government has authority for those matters which are national in scope and in impact and for Canada's relations with other nations. The main federal laws governing hazardous waste management are:

- Canadian Environmental Protection Act (1999) ("CEPA 99"), and
- Transportation of Dangerous Goods Act.

Environment Canada is the federal agency with responsibility for environmental matters and the main legislative instrument is the Canadian Environmental Protection Act. This act charges Environment Canada and Health Canada with protection of human health and the environment and seeks to control the production, importation and use of substances in Canada and to control their impact on the environment.

The Export and Import of Hazardous Wastes Regulations under CEPA 99 control the export and import of hazardous wastes and hazardous recyclable materials. By reference, these regulations incorporate the Transportation of Dangerous Goods Act and Regulations, which address identification, packaging, marking and documentation of hazardous materials during transport. CEPA 99 requires that anyone proposing to export or import hazardous wastes or hazardous recyclable materials or to transport them through Canada notify the Minister of the Environment and obtain a permit to do so. Section 9 of CEPA 99 allows the federal government to enter into administrative agreements with the provinces and territories for the development and improvement of environmental standards. These agreements represent cooperation towards a common goal rather than a delegation of authority under CEPA 99. To facilitate the development of provincial and territorial agreements, the federal, provincial and territorial governments participate in the Canadian Council of Ministers of the Environment ("CCME"). The CCME comprises the 14 environment ministers from the federal, provincial and territorial governments, who normally meet twice a year to discuss national environmental priorities and to determine work to be carried out under the auspices of the CCME.

In 2004, Environment Canada implemented mandatory greenhouse gas reporting under CEPA 99. Under CEPA 99, mandatory reporting was required if a facility emitted more than 100,000 Canadian tonnes of carbon dioxide equivalent per year. As of July 11, 2009, the reporting threshold under CEPA 99 was reduced to 50,000 Canadian tonnes of carbon dioxide equivalent. The reduction in reporting limits will subject certain of the Company's Canadian facilities to the new reporting requirements, but the Company does not believe the new requirements will have a material impact on operations.

Canadian Local and Municipal Regulations. Local and municipal regulations seldom reference direct control of hazardous waste management activities. Municipal regulations and by-laws, however, control such issues as land use designation, access to municipal services and use of emergency services, all of which can have a significant impact on facility operation.

Compliance with Environmental Regulations

We incur costs and make capital investments in order to comply with the previously discussed environmental regulations. These regulations require that we remediate contaminated sites, operate our facilities in accordance with enacted regulations, obtain required financial assurance for closure and post-closure care of our facilities should such facilities cease operations, and make capital investments in order to keep our facilities in compliance with environmental regulations.

As discussed in Note 8, "Closure and Post-Closure Liabilities," and Note 9, "Remedial Liabilities," to our consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data," we have accrued environmental liabilities as of December 31, 2009, of $181.3 million, substantially all of which we assumed in connection with our acquisitions of the assets of the Chemical Services Division (the "CSD assets") of Safety-Kleen Corp. in 2002, Teris LLC in 2006, and one of the two solvent recycling facilities we purchased from Safety-Kleen Systems, Inc. in 2008. Such amount does not include approximately $3.0 million of additional environmental liabilities which relate to the Pembina Area Landfill which Eveready owned and operated but which we have agreed to divest. For the years ended December 31, 2009 and 2008, we spent $8.6 million and $14.3 million, respectively, to address environmental liabilities, almost all of the spending related to the environmental liabilities assumed as part of the acquisition of the CSD assets and Teris. The decrease in the year-over-year spending was primarily due to the settlement during 2008 of legal and administrative proceedings relating to our Plaquemine, Louisiana property and the Helen Kramer Superfund site.

As discussed more fully above under the heading "Insurance and Financial Assurance," we are required to provide financial assurance with respect to certain statutorily required closure, post-closure and corrective action obligations at our facilities. We have placed the required financial assurance through a qualified insurance company, Steadfast Insurance Company (a unit of Zurich N.A.).

As described in Note 18, "Commitments and Contingencies," to our consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data," we are involved in legal proceedings arising under environmental laws and regulations. Alleged failure to comply with laws and regulations may lead to the imposition of fines or the denial, revocation or delay of the renewal of permits and licenses by governmental entities. In addition, such governmental entities, as well as surrounding landowners, may claim that we are liable for environmental damages. Citizens groups have become increasingly active in challenging the grant or renewal of permits and licenses for hazardous waste facilities, and responding to such challenges has further increased the costs associated with establishing new facilities or expanding current facilities. A significant judgment against us, the loss of a significant permit or license or the imposition of a significant fine could have a material adverse effect on our business and future prospects.

ITEM 1A. RISK FACTORS

An investment in our securities involves certain risks, including those described below. You should consider carefully these risk factors together with all of the information included in this report before investing in our securities. The information below includes updated discussions with respect to changes which have occurred in our risk factors as a result of our acquisition on July 31, 2009 of Eveready Inc., or "Eveready," and the related significant expansion of our energy and industrial services business, our entry on July 31, 2009 into an amended $120.0 million revolving credit facility, or the "new revolving credit facility," and our issuance on August 14, 2009 of $300.0 million principal amount of $7^5/_8$% senior secured notes, or the "notes."

Risks Affecting Both Our Environmental Services and Energy and Industrial Services Businesses

Our businesses are subject to operational and insurance risks.

Provision of both environmental services and energy and industrial services to our customers is subject to such risks as equipment defects, malfunctions and failures, and natural disasters. These risks expose us to potential liability for personal injury, loss of life, business interruption, property damage or destruction, pollution and other environmental damages. While we seek to minimize our exposure to such risks through comprehensive training programs, vehicle and equipment maintenance programs and insurance, such programs and insurance may not be adequate to cover all of our potential liabilities and such insurance may not in the future be available at commercially reasonable rates. If we were to incur substantial liabilities in excess of policy limits, or if we were to incur such liabilities at a time when we were not able to obtain adequate liability insurance on commercially reasonable terms, our business, results of operations and financial condition could be adversely affected to a material extent.

Our businesses are subject to significant competition.

We compete with a large number of companies, which range from large public companies to small operators, that provide most of the same or similar services to those we provide. The current downturn in economic conditions, particularly with respect to manufacturing and oil and gas production, has caused increased competition for market share, which could result in lower prices and reduced gross margins from the services we provide and negatively affect our ability to grow or sustain our current revenue and profit levels in the future.

The provision of our services involves significant safety risks.

Our employees often work under potentially hazardous conditions, and we must maintain a solid safety record in order to remain a preferred supplier to our major customers. In order to protect our employees and meet such customer demands, we have instituted an active safety program supported by continual practice and training. However, should our safety record deteriorate, we could be subject to potential liabilities and a reduction of revenues from our major customers.

Our businesses are subject to statutory and regulatory requirements, which may increase in the future.

Our businesses are subject to numerous statutory and regulatory requirements, and our ability to continue to hold licenses and permits required for our businesses is subject to maintaining satisfactory compliance with such requirements. These requirements may increase in the future as a result of statutory and regulatory changes. Although we are very committed to compliance and safety, we may not, either now or in the future, be in full compliance at all times with such statutory and regulatory requirements. Consequently, we could be required to incur significant costs to maintain or improve our compliance with such requirements.

Seasonality makes it harder for us to manage our businesses and for investors to evaluate our performance.

Our business operations are affected by seasonal fluctuations due to weather and budgetary cycles influencing the timing of customers' spending for our services. Typically during the first quarter of each calendar year, there is less demand for environmental remediation due to weather-related reasons, particularly in the northern and midwestern United States and Canada, and an increased possibility of unplanned weather-related plant shutdowns. Conversely, because a large portion of our energy and industrial services business is carried out in Western Canada and involves moving heavy equipment, our ability to provide such services is dependent on weather conditions. Thawing in the spring renders many secondary roads incapable of supporting heavy equipment, and extremely cold weather in the winter season or wet weather during any season can limit our ability to provide timely services. As a result, the operating performance of our energy and industrial services business also tends to be seasonal (with higher revenues during the first quarter of each year and reduced revenues during the second quarter) and may be negatively impacted by adverse weather conditions during any quarter. This seasonality makes it harder for us to manage our businesses and for investors to evaluate our performance.

Future conditions might require us to make substantial write-downs in our assets, which would adversely affect our balance sheet and results of operations.

Periodically, we review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. At the end of each of 2009, 2008 and 2007, we determined that no asset write-downs were required; however, if conditions in either the environmental services or energy and industrial services businesses were to deteriorate significantly, we could determine that certain of our assets were impaired and we would then be required to write-off all or a portion of our costs for such assets. Any such significant write-offs would adversely affect our balance sheet and results of operations.

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Risks Particularly Affecting Our Environmental Services Business

We assumed significant environmental liabilities as part of past acquisitions, and our financial condition and results of operations would be adversely affected if we were required to pay such liabilities more rapidly or in greater amounts than now estimated.

We have accrued environmental liabilities valued as of December 31, 2009, at $181.3 million, substantially all of which we assumed in connection with our acquisitions of substantially all of the assets of the Chemical Services Division, or "CSD," of Safety-Kleen Corp. in 2002, Teris LLC in 2006, and one of two solvent recycling facilities we purchased from Safety-Kleen Systems, Inc. in 2008. This amount does not include approximately $3.0 million of additional environmental liabilities related to the Pembina Area Landfill which Eveready owned and operated that we have agreed to divest. We calculate our environmental liabilities on a present value basis in accordance with generally accepted accounting principles (which takes into consideration both the amount of such liabilities and the timing when it is projected that we will be required to pay such liabilities). We anticipate our environmental liabilities will be payable over many years and that cash flows generated from our operations will generally be sufficient to fund the payment of such liabilities when required. However, events not now anticipated (such as future changes in environmental laws and regulations or their enforcement) could require that such payments be made earlier or in greater amounts than now estimated, which could adversely affect our financial condition and results of operations.

If we are unable to obtain at reasonable cost the insurance, surety bonds and financial assurances which are required for our operations, our business and results of operations would be adversely affected.

We purchase insurance, occasionally post bid and performance bonds, and are required to provide substantial amounts of financial assurance to governmental agencies for closure and post-closure care of our licensed hazardous waste treatment facilities should those facilities cease operation. As of December 31, 2009, our total estimated closure and post-closure costs requiring financial assurance by regulators (excluding Eveready's estimated costs as described below) were $319.7 million for our U.S. facilities and $22.7 million for our Canadian facilities. We have placed all of the required financial assurance through a qualified insurance company, Steadfast Insurance Company (a unit of Zurich Insurance N.A.), or "Steadfast." The U.S. facilities are insured with an insurance policy written by Steadfast which expires in 2013. The Canadian facilities utilize surety bonds provided through Zurich Insurance Company (Canada), which expire at various dates throughout 2010.

As of July 31, 2009, Eveready had outstanding letters of credit of $1.9 million that were issued to comply with certain environmental regulations relating to Eveready's closure and post-closure costs. We replaced two of the three letters of credit for $1.2 million with surety bonds and the remaining outstanding letter of credit as of December 31, 2009 will be replaced with a letter of credit under our current credit facility in the first quarter of 2010.

Our ability to continue conducting our operations would be adversely affected if we became unable to obtain sufficient insurance, surety bonds or other financial assurances at reasonable cost to meet our business and regulatory requirements in the future. The availability of insurance could be affected by factors outside of our control as well as the insurers' or sureties' assessment of our risk. If we should become unable to obtain such letters of credit under our financial arrangements, we might be unable to obtain sufficient insurance or other financial assurances.

The environmental services industry in which we participate is subject to significant economic and business risks.

Our future operating results of our environmental services business may be affected by such factors as our ability to utilize our facilities and workforce profitably in the face of intense price competition; maintain or increase market share in an industry which has experienced significant downsizing and

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consolidation; realize benefits from cost reduction programs; generate incremental volumes of waste to be handled through our facilities from existing and acquired 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 our field services business. In particular, economic downturns or recessionary conditions in North America, and increased outsourcing by North American manufacturers to plants located in countries with lower wage costs and less stringent environmental regulations, have adversely affected and may in the future adversely affect the demand for our services. The hazardous and industrial waste management business is also cyclical to the extent that it is dependent upon a stream of waste from cyclical industries such as the chemical and petrochemical, primary metals, paper, furniture and aerospace industries. If those cyclical industries slow significantly, the business that we receive from those industries is likely to slow.

A significant portion of our environmental services business depends upon the demand for major remedial projects and regulatory developments over which we have no control.

Our operations are significantly affected by the commencement and completion of major remedial 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; and changes in the myriad of governmental regulations governing our diverse operations. We do not control such factors and, as a result, our revenue and income can vary significantly from quarter to quarter, and past financial performance for certain quarters may not be a reliable indicator of future performance for comparable quarters in subsequent years.

The extensive environmental regulations to which we are subject may increase our costs and potential liabilities.

Our operations and those of others in the environmental services industry involve the handling of dangerous and hazardous materials, and are subject to extensive federal, state, provincial and local environmental requirements in both the United States and Canada, including those relating to emissions to air, discharged wastewater, storage, treatment, transport and disposal of regulated materials and cleanups of soil and groundwater contamination. While increasing environmental regulation often presents new business opportunities for us, it often results in increased operating and compliance costs. Efforts to conduct our operations in compliance with all applicable laws and regulations, including environmental rules and regulations, require programs to promote compliance, such as training employees and customers, purchasing health and safety equipment, and in some cases hiring outside consultants and lawyers. Even with these programs, we and other companies in the environmental services industry are routinely faced with governmental enforcement proceedings, which can result in fines or other sanctions and require expenditures for remedial work on waste management facilities and contaminated sites. Certain of these laws impose strict and, under certain circumstances, joint and several liability on current and former owners and operators of facilities that release regulated materials, and that generate those materials and arrange for their disposal or treatment at contaminated sites. Such liabilities can relate to cleanup of releases of regulated materials and related natural resource damages.

From time to time, we have paid fines or penalties in governmental environmental enforcement proceedings, usually involving our waste treatment, storage and disposal facilities. Although none of these fines or penalties that we have paid in the past has had a material adverse effect upon us, we might in the future be required to make substantial expenditures as a result of governmental proceedings, which would have a negative impact on our earnings. Furthermore, regulators have the power to suspend or revoke permits or licenses needed for operation of our plants, equipment, and vehicles based on, among other factors, our compliance record, and customers may decide not to use a particular disposal facility or do business with us because of concerns about our compliance record. Suspension or revocation of permits or licenses would impact our operations and could have a material adverse impact on financial results. Although we have never had any of our facilities' operating permits revoked, suspended or non-renewed involuntarily, it is possible that such an event could occur in the future.

Some environmental laws and regulations impose liability and responsibility on present and former owners, operators or users of facilities and sites for contamination at such facilities and sites without regard to causation or knowledge of contamination. In the past, practices have resulted in releases of regulated materials at and from certain of our facilities, or the disposal of regulated materials at third party sites, which may require investigation and remediation, and potentially result in claims of personal injury, property damage and damages to natural resources. In addition, we occasionally evaluate various alternatives with respect to our facilities, including possible dispositions or closures. Investigations undertaken in connection with these activities may lead to discoveries of contamination that must be remediated, and closures of facilities might trigger compliance requirements that are not applicable to operating facilities. We are currently conducting remedial activities at certain of our sites and paying a portion of the remediation costs at certain sites owned by third parties. While, based on available information, we do not believe these remedial activities will result in a material adverse effect upon our operations or financial condition, these activities or the discovery of previously unknown conditions could result in material costs.

Environmental and land use laws also impact our ability to expand. In addition, we are required to obtain governmental permits to operate our facilities, including all of our landfills. Even if we were to comply with applicable environmental law, there is no guarantee that we would be able to obtain the requisite permits from the applicable governmental authorities, and, even if we could, that any permit (and any existing permits we currently hold) will be extended or modified as needed to fit out business needs.

We may make further acquisitions from time to time in the future, and we have tried and will continue to try to evaluate and limit environmental risks and liabilities presented by businesses or facilities to be acquired prior to the acquisition. It is possible that some liabilities, including ones that may exist only because of the past operations of an acquired business or facility, may prove to be more difficult or costly to address than we anticipate. It is also possible that government officials responsible for enforcing environmental laws may believe an issue is more serious than we expect, or that we will fail to identify or fully appreciate an existing liability before we become legally responsible to address it. Some of the legal sanctions to which we could become subject could cause the suspension or revocation of a needed permit, or prevent us from or delay us in obtaining or renewing permits to operate or expand our facilities or harm our reputation.

In addition to the costs of complying with environmental laws and regulations, we incur costs defending against environmental litigation brought by governmental agencies and private parties. We are now, and may in the future be, a defendant in lawsuits brought by parties alleging environmental damage, personal injury, and/or property damage, which may result in our payment of significant amount of liabilities.

Future changes in environmental regulations may require us to make significant capital expenditures.

Changes in environmental regulations can require us to make significant capital expenditures for our facilities. For example, in 2002, the United States Environmental Protection Agency, or "EPA," promulgated Interim Standards of the Hazardous Waste Combustor Maximum Achievable Control Technology, or "MACT," under the Federal Clean Air Act Amendments. These standards established new emissions limits and operational controls on all new and existing incinerators, cement kilns and light-weight aggregate kilns that burn hazardous waste-derived fuels. We have spent approximately $28.9 million since September 7, 2002 in order to bring our Deer Park, Texas and Aragonite, Utah incineration facilities, which we then acquired as part of the CSD assets, and our Kimball, Nebraska facility into compliance with the MACT regulations. Prior to our acquisition in August 2006 of our additional incineration facility in El Dorado, Arkansas, as part of our purchase of all the membership interests in Teris LLC, Teris had spent in excess of $30 million in order to bring that facility into compliance with the MACT standards. Future environmental regulations could cause us to make significant additional capital expenditures and adversely affect our results of operations and cash flow.

In late June 2009 the U.S. House of Representatives passed HR 2454, The American Clean Energy and Security Act of 2009 (also known as the Waxman/Markey Bill), which is now pending in the U.S. Senate. The bill as passed by the House does not impose any onerous provisions which would adversely affect our facilities, and includes some provisions which might be beneficial to our business of incinerating toxic materials. However, no assurances can be given that the final version of the bill, if enacted by the U.S. Congress and subsequently signed into law by the President, would not include provisions which could cause us to incur additional expenditures.

If our assumptions relating to expansion of our landfills should prove inaccurate, our results of operations and cash flow could be adversely affected.

When we include the expansion airspace in our calculations of available airspace, we adjust our landfill liabilities to the present value of projected costs for cell closure and landfill closure and post-closure. It is possible that any of our estimates or assumptions could ultimately turn out to be significantly different from actual results. In some cases we may be unsuccessful in obtaining an expansion permit or we may determine that an expansion permit that we previously thought was probable has become unlikely. To the extent that such estimates, or the assumptions used to make those estimates, prove to be significantly different than actual results, or our belief that we will receive an expansion permit changes adversely in a significant manner, the landfill assets, including the assets incurred in the pursuit of the expansion, may be subject to impairment testing and lower prospective profitability may result due to increased interest accretion and depreciation or asset impairments related to the removal of previously included expansion airspace. In addition, if our assumptions concerning the expansion airspace should prove inaccurate, certain of our cash expenditures for closure of landfills could be accelerated and adversely affect our results of operations and cash flow.

Risks Particularly Affecting Our Energy and Industrial Services Business

A large portion of our energy and industrial services business is dependent on the oil and gas industry in Western Canada, and declines in oil and gas production in that region adversely affect our business.

Our energy and industrial services business generates well over 50% of its total revenues from customers in the oil and gas industry operating in Western Canada, although a majority of the services which we provide to such customers relate to industrial maintenance and production which are less volatile than oil and gas exploration. We also provide significant services to customers in the oil and gas industry operating in the United States or internationally and to customers in other industries such as forestry, mining and manufacturing. However, a major portion of the total revenues of our energy and industrial services business remains dependent on customers in the oil and gas industry operating in Western Canada.

Accordingly, declines in the general level of oil and gas production in Western Canada could potentially have in the future significant adverse effects on our total revenues and profitability. Such declines have recently been, and could in the future be, triggered by declines in the commodity prices for oil and gas. Such future declines could also be triggered by technological and regulatory changes and other changes in industry and worldwide economic and political conditions.

A significant part of our energy and industrial services business relates to the Alberta oil sands.

Many of our major customers in the oil and gas industry operating in Western Canada conduct a significant portion of their operations in the Alberta oil sands. The Alberta oil sands contain large oil deposits, but extraction may involve significantly greater cost and environmental concerns than conventional oil drilling. While we believe our major involvement in the oil sands region will provide significant future growth opportunities, such involvement also increases the risk that our business will be adversely affected if future economic activity in the Alberta oil sands were to decline considerably. Major factors that could cause such a decline might include a prolonged decline in the commodity price of oil and gas, potential future changes in environmental restrictions and regulations, and technological and regulatory changes relating to production of oil from the oil sands. Due to the current downturn in worldwide economic conditions and a substantial decline in the commodity price of oil and gas, certain of our customers have delayed a number of large projects in the planning and early development phases within the oil sands region. In addition, customers are revisiting their operating budgets and challenging their suppliers to reduce costs and achieve better efficiencies in their work programs.

Our energy and industrial services business is subject to workforce availability.

Our ability to provide high quality services to our customers is dependent upon our ability to attract and retain well-trained, experienced employees. The oil and gas services industry in Western Canada experienced in the past several years high demand for, and a corresponding shortage of, quality employees. Although the current downturn in the oil and gas industry has increased the pool of quality employees available to meet our customer commitments, any improvement of conditions in the oil and gas industry would likely increase competition for experienced employees.

If we are unable to successfully complete the integration of Eveready's business and operations into our business and operations and realize synergies in the expected time frame, our future results would be adversely affected.

We substantially increased our energy and industrial services business through our acquisition of Eveready on July 31, 2009. Our integration of Eveready's business and operations into our business and operations has required and will continue to require implementation of appropriate operations, management and financial reporting systems and controls. The integration of Eveready has required and will continue to require the focused attention of our management teams, including a significant commitment of their time and resources. The success of the acquisition will depend, in part, on the combined company's ability to realize the anticipated benefits from combining the respective businesses and operations of Clean Harbors and Eveready through cost reductions in overhead, greater efficiencies, increased utilization of support facilities and the adoption of mutual best practices. To realize these anticipated benefits, however, the businesses and operations of Clean Harbors and Eveready must continue to be successfully combined.

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

Our acquisition of Eveready may expose us to unknown liabilities.

Because we acquired all of Eveready's outstanding common shares, our investment in Eveready is subject to all of Eveready's liabilities other than Eveready's debt which we paid either at the time of the acquisition or shortly thereafter upon our issuance of the notes. If there are unknown Eveready obligations, including contingent liabilities, our business could be materially and adversely affected. We may learn additional information about Eveready's business that adversely affects us, such as unknown liabilities or issues relating to internal controls over financial reporting or that could affect our ability to comply with the Sarbanes-Oxley Act or other applicable laws. As a result, our acquisition of Eveready might not be successful.

Risks Relating to Our Level of Debt and the Notes

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

As of December 31, 2009, after giving effect to our (i) acquisition of Eveready on July 31, 2009, (ii) sale of the notes on August 14, 2009, (iii) repayment between July 24 and August 14, 2009 of substantially all of our and Eveready's then outstanding debt (other than certain capital leases) using a portion of our available cash and the net proceeds from the sale of the notes, and (iv) payment of related fees and expenses, we had outstanding $292.4 million of debt and $88.7 million of letters of credit. Our substantial levels of outstanding debt and letters of credit may:

- adversely impact our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes or to repurchase the notes from holders upon any change of control;

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

- subject us to the risk of increased sensitivity to interest rate increases based upon variable interest rates, including our borrowings (if any) under our new revolving credit facility;

- increase the possibility of an event of default under the financial and operating covenants contained in our debt instruments; and

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

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

Despite our substantial levels of outstanding debt and letters of credit, we could incur substantially more debt and letter of credit obligations in the future.

Although the agreements governing our new revolving credit facility and the indenture governing the notes contain restrictions on the incurrence of additional indebtedness (including, for this purpose, reimbursement obligations under outstanding letters of credit), these restrictions are subject to a number of qualifications and exceptions and the additional amount of indebtedness which we might incur in the future in compliance with these restrictions could be substantial. In particular, we had available as of December 31, 2009 under our new revolving credit facility up to an additional approximately $31.3 million for purposes of future borrowings and letters of credit. In addition, the

indenture governing the notes would also allow us to borrow significant amounts of money from other sources. These restrictions would also not prevent us from incurring obligations (such as operating leases) that do not constitute "indebtedness" as defined in the relevant agreements. To the extent we incur in the future additional debt and letter of credit obligations, the related risks will increase.

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

Our ability to make scheduled payments of principal or interest with respect to our debt, including the notes, any revolving loans and our capital leases, and to pay fee obligations with respect to our letters of credit, will depend on our ability to generate cash and on our future financial results. Our ability to generate cash depends on, among other factors, the demand for our services, which is subject to market conditions in the environmental, energy and industrial services industries, the occurrence of events requiring major remedial projects, changes in government environmental regulation, general economic conditions, and financial, competitive, regulatory and other factors affecting our operations, many of which are beyond our control. Our operations may not generate sufficient cash flow, and future borrowings may not be available under our new revolving credit facility or otherwise, in an amount sufficient to enable us to pay our debt and the fee obligations respecting our letters of credit, or to fund our other liquidity needs.

The covenants in our financing agreements will restrict our ability to operate our business and might lead to a default under our debt agreements.

The agreements governing our new revolving credit facility and the indenture relating to the notes limit, among other things, our ability and the ability of our restricted subsidiaries to:

- incur or guarantee additional indebtedness (including, for this purpose, reimbursement obligations under letters of credit) or issue preferred stock;
- pay dividends or make other distributions to our stockholders;
- purchase or redeem capital stock or subordinated indebtedness;
- make investments;
- create liens;
- incur restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to us;
- sell assets, including capital stock of our subsidiaries;
- consolidate or merge with or into other companies or transfer all or substantially all of our assets; and
- engage in transactions with affiliates.

As a result of these covenants, we may not be able to respond to changes in business and economic conditions and to obtain additional financing, if needed, and we may be prevented from engaging in transactions that might otherwise be beneficial to us. Our new revolving credit facility requires, and our future credit facilities may require, us to maintain specified financial ratios and satisfy certain financial condition tests. Our ability to meet these financial ratios and tests can be affected by events beyond our control, and we may not be able to meet those tests. The breach of any of these covenants could result in a default under our revolving credit facility or future credit facilities. Upon the occurrence of an event of default, the lenders could elect to declare all amounts outstanding under such credit facilities, including accrued interest or other obligations, to be immediately due and payable. If amounts outstanding under such credit facilities were to be accelerated, our assets might not be sufficient to repay in full that indebtedness and our other indebtedness, including the notes.

The instruments governing certain of our debt, including the indenture governing the notes and our new revolving credit facility, also contain cross-default provisions. Under these provisions, a default under one instrument governing our debt may constitute a default under our other debt instruments that contain cross-default provisions, which could result in the related debt and the debt issued under such other instruments becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which funds might not be available to us on favorable terms, on a timely basis or at all. Alternatively, such a default could require us to sell assets and otherwise curtail operations to pay our creditors. The proceeds of such a sale of assets, or curtailment of operations, might not enable us to pay all of our liabilities.

Risks Relating to Certain Anti-Takeover Provisions

Sections 8.06 and 7.02 of the Massachusetts Business Corporation Act provide that Massachusetts corporations which are publicly-held must have a staggered board of directors and that written demand by holders of at least 40% of the outstanding shares of each relevant voting group of stockholders is required for stockholders to call a special meeting unless such corporations take certain actions to affirmatively "opt-out" of such requirements. In accordance with these provisions, our By-Laws provide for a staggered Board of Directors which consists of three classes of directors of which one class is elected each year for a three-year term, and require that written application by holders of at least 25% (which is less than the 40% which would otherwise be applicable without such a specific provision in our By-Laws) of our outstanding shares of common stock is required for stockholders to call a special meeting. In addition, our By-Laws prohibit the removal by the stockholders of a director except for cause. These provisions could inhibit a takeover of our company by restricting stockholders action to replace the existing directors or approve other actions which a party seeking to acquire us might propose. A takeover transaction would frequently afford stockholders an opportunity to sell their shares at a premium over then market prices.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our principal executive office is in Norwell, Massachusetts where approximately 104,000 square feet is leased under arrangements expiring in 2022. There are also regional administrative offices in South Carolina and Alberta, Canada. We own or lease property in 36 U.S. states, seven Canadian provinces, Puerto Rico, Bulgaria, China, Mexico, Singapore, Sweden, Thailand and the United Kingdom.

Our principal property, plant and equipment consist of land, landfill assets and buildings (primarily incinerators, wastewater treatment plants and TSDFs), vehicles and equipment (including environmental remediation equipment). We have 52 active permitted hazardous waste or nonhazardous waste management properties, and 145 additional service centers and satellite or support locations, which occasionally move to other locations as operations and space requirements change. The incinerators, landfills, and TSDFs are our most significant properties and they are included in our Technical Services segment.

Our properties are sufficient and suitable to our needs. The following tables set forth certain information as of December 31, 2009 regarding our properties. Substantially all of our owned operating properties are mortgaged as collateral for our loans.

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Hazardous Waste Management Properties

Included in our 52 active hazardous waste management properties are six incineration locations, nine commercial landfills, seven wastewater treatment plants, 20 TSDFs, two solvent recycling facilities and eight facilities which specialize in PCB management, oil and used oil products recycling. Some of our properties offer multiple capabilities. As described below under "Inactive Facilities," and "Asset Held for Sale," we also own 11 closed or inactive facilities and one facility acquired as part of our acquisition of Eveready which we have agreed to divest.

Incinerators. We own six operating incineration facilities containing a total of nine incinerators as follows:

	# of Incinerators	Practical Capacity (Tons)	Utilization Rate Year Ended December 31, 2009
Arkansas	2	95,072	94.4%
Nebraska	1	58,808	71.9%
Utah	1	66,815	73.0%
Texas	3	165,500	90.0%
Ontario, Canada	1	93,695	91.8%
Quebec, Canada	1	71,650	82.4%
	9	551,540	86.1%

Our incinerators offer a wide range of technological capabilities to customers through this network. Incineration in the United States is provided by a fluidized bed thermal oxidation unit and three solids and liquids-capable incineration facilities. In Canada, we operate two hazardous waste liquid injection incinerators.

Landfills. In the United States and Canada, we operate nine commercial landfills as described in the following table, which excludes the Pembina Area Landfill (described below under "Asset Held for Sale") which Eveready owned and operated but which we have agreed to divest:

	# of Facilities	Remaining Highly Probable Airspace (cubic yards, in thousands)	Remaining Lives (Years)
California	2	11,606	39 and 64
Colorado	1	845	34
North Dakota	1	1,045	42
Oklahoma	1	873	8
Texas	1	1,085	22
Utah	1	1,597	17
Alberta, Canada	1	1,281	20
Ontario, Canada	1	6,567	46
	9	24,899	

Seven of our commercial landfills are designed and permitted for the disposal of hazardous wastes and two landfills are operated for nonhazardous industrial waste disposal and, to a lesser extent, municipal solid waste. In addition to our commercial landfills, we also own and operate two non-commercial landfills that only accept waste from our on-site incinerators. We own all of the landfills with the exception of the landfill in Oklahoma that is leased.

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Wastewater Treatment Plants. We operate seven facilities that offer a range of wastewater treatment technologies and customer services, as follows:

	# of Facilities	Owned	Leased
Connecticut	1	1	
Louisiana	2	1	1
Ohio	1	1	
Tennessee	1	1	
Alberta, Canada	1		1
Ontario, Canada	1	1	
	7	5	2

Wastewater treatment consists primarily of three types of services: hazardous wastewater treatment, sludge de-watering or drying, and non-hazardous wastewater treatment.

Transportation, Storage and Disposal Facilities. We operate 20 TSDFs in the United States and Canada as follows:

	# of Facilities	Owned	Leased
Arizona	1	1	
California	2	2	
Florida	1		1
Illinois	1		1
Kansas	1	1	
Louisiana	1	1	
Maryland	1	1	
Massachusetts	1	1	
North Carolina	1	1	
Ohio	1	1	
Texas	1	1	
British Columbia, Canada	1	1	
Manitoba, Canada	1	1	
Nova Scotia, Canada	1	1	
Ontario, Canada	3	2	1
Quebec, Canada	2	2	
	20	17	3

Our TSDFs facilitate the movement of materials among our network of service centers and treatment and disposal facilities. Transportation may be accomplished by truck, rail, barge or a combination of modes, with our own assets or in conjunction with third-party transporters. Specially designed containment systems, vehicles and other equipment permitted for hazardous and industrial waste transport, together with drivers trained in transportation skills and waste handling procedures, provide for the movement of customer waste streams.

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PCB Management Facilities and Oil Storage or Recycling Capabilities. We operate eight facilities specializing in PCB management or providing oil recycling capabilities, as follows:

	# of Facilities	Owned	Leased
California	1	1	
Georgia	1	1	
Kansas	1	1	
Maine	1	1	
Massachusetts	1		1
Ohio	2	1	1
Pennsylvania	1	1	
	8	6	2

These facilities are the most significant properties relating to our Field Services segment.

Solvent Recycling Operations. We own two facilities specializing in solvent recovery management in Illinois and Ohio, and also have one solvent recycling operation adjacent to our incineration facility in El Dorado, Arkansas.

Other Facilities and Properties

Service Centers and Satellite Locations. We operate 145 additional service centers and satellite or support locations of which 19 are owned and 126 are leased.

Inactive Facilities. In addition to the active facilities and properties described above, we own a total of 11 facilities which are now closed or inactive, most of which were acquired in 2002 as part of the CSD assets due to our assumption of the remediation liabilities associated with such properties or our closure of such sites. The principal inactive facilities are a closed incinerator and landfill in Baton Rouge, Louisiana, closed incinerators in Roebuck, South Carolina, Coffeyville, Kansas and Bridgeport, New Jersey, and closed wastewater treatment facilities in Cleveland, Ohio and Plaquemine, Louisiana. Prior to the sale of the CSD assets, Safety-Kleen gave notice to the applicable regulatory agencies of Safety-Kleen's intent to close and stopped accepting wastes at Cleveland in 1990, Baton Rouge in 1997, Roebuck in 1998, Coffeyville in 2000, and Bridgeport in 2001. We gave notice to the regulators and stopped accepting wastes at Plaquemine in 2006.

Asset Held for Sale. In connection with our acquisition of Eveready, we agreed with the Canadian Commissioner of Competition to divest Eveready's Pembina Area Landfill, located near Drayton Valley, Alberta, due to its proximity to our existing landfill in the region. The Pembina Area Landfill consists of a landfill facility and an administrative office.

ITEM 3. LEGAL PROCEEDINGS

See Note 18, "Commitments and Contingencies," to our consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data," for a description of legal proceedings.

ITEM 4. RESERVED

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock

Effective December 15, 2008, our common stock began trading on the New York Stock Exchange under the symbol CLH. Prior to that time, our stock was traded on The NASDAQ Global Select Market under the symbol CLHB. The following table sets forth the high and low sales prices of our common stock for the indicated periods as reported by the New York Stock Exchange and The NASDAQ Global Select Market.

2009	High	Low
First Quarter	$ 65.18	$ 40.90
Second Quarter	57.95	45.71
Third Quarter	61.63	48.87
Fourth Quarter	61.28	52.80

2008	High	Low
First Quarter	$ 67.58	$ 49.67
Second Quarter	77.79	61.76
Third Quarter	82.99	63.62
Fourth Quarter	67.45	44.11

On February 25, 2010, the closing price of our common stock on the New York Stock Exchange was $56.02 and there were 443 stockholders of record of our common stock, excluding stockholders whose shares were held in nominee, or "street," name. We estimate that approximately 15,000 additional stockholders beneficially held the shares in street name on that date.

We have never declared nor paid any cash dividends on our common stock, and we do not intend to pay any dividends on our common stock in the foreseeable future. We intend to retain our future earnings, if any, for use in the operation and expansion of our business and payment of our outstanding debt. In addition, our current credit agreement prohibits, and our indenture restricts, us from paying cash dividends on our common stock. See "Liquidity and Capital Resources" under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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Performance Graph

The following graph compares the five-year return from investing $100 in each of our common stock, the NASDAQ Market Index, the NYSE Market Index, and an index of environmental services companies (custom peer group) compiled by CoreData. Our common stock commenced trading on the New York Stock Exchange on December 15, 2008, and therefore both the NASDAQ Market Index and the NYSE Market Index are used as comparable indices. The environmental services group used by CoreData includes all companies whose listed line-of-business is SIC Code 4953 (refuse systems), and assumes reinvestment of dividends on the ex-dividend date. An index compares relative performance since a particular starting date. In this instance, the starting date was December 31, 2004, when our common stock closed at $15.09 per share.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN
AMONG CLEAN HARBORS, INC.,
NASDAQ MARKET INDEX, NYSE MARKET INDEX, AND CUSTOM PEER GROUP

ASSUMES $100 INVESTED ON JAN. 01, 2005
ASSUMES DIVIDEND REINVESTED
FISCAL YEAR ENDING DEC. 31, 2009

Securities Authorized For Issuance Under Equity Compensation Plans

See Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," for a description of the securities which are authorized for issuance under our equity compensation plans.

Issuer Purchases of Equity Securities

During the fiscal quarter ended December 31, 2009, we did not repurchase any of our outstanding common stock or any other securities registered under the Securities Exchange Act of 1934, as amended.

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ITEM 6. SELECTED FINANCIAL DATA

The following summary of consolidated financial information has been derived from the audited consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data," of this report and in the annual reports we previously filed with the SEC. This information should be reviewed in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the financial statements and the notes thereto included in Item 8, "Financial Statements and Supplementary Data" of this report.

	For the Year Ended December 31,				
	2009	2008	2007	2006	2005
	(in thousands except per share amounts)				
Income Statement Data:					
Revenues	$ 1,074,220	$ 1,030,713	$ 946,917	$ 829,809	$ 711,170
Cost of revenues (exclusive of items shown separately below)	753,483	707,820	664,440	584,835	512,582
Selling, general and administrative expenses	163,157	159,674	149,180	125,039	108,312
Accretion of environmental liabilities	10,617	10,776	10,447	10,220	10,384
Depreciation and amortization	64,898	44,471	37,590	35,339	28,633
Income from operations	82,065	107,972	85,260	74,376	51,259
Other (expense) income	259	(119)	135	(447)	611
Loss on early extinguishment of debt	(4,853)	(5,473)		(8,529)	
Interest expense, net	(15,999)	(8,403)	(13,157)	(12,447)	(22,754)
Income from continuing operations before provision for income taxes and equity interest in joint venture	61,472	93,977	72,238	52,953	29,116
Provision for income taxes(1)	26,225	36,491	28,040	6,339	3,495
Equity interest in joint venture				(61)	
Income from continuing operations	35,247	57,486	44,198	46,675	25,621
Income from discontinued operations, net of tax	1,439				
Net income	36,686	57,486	44,198	46,675	25,621
Dividends on Series B preferred stock			206	276	279
Net income attributable to common stockholders	$ 36,686	$ 57,486	$ 43,992	$ 46,399	$ 25,342
Basic earnings attributable to common stockholders(2)	$ 1.48	$ 2.56	$ 2.22	$ 2.38	$ 1.62
Diluted earnings attributable to common stockholders(2)	$ 1.47	$ 2.51	$ 2.14	$ 2.26	$ 1.45
Cash Flow Data:					
Net cash from operating activities	$ 93,270	$ 109,590	$ 79,995	$ 61,382	$ 29,667
Net cash from investing activities	(118,391)	(84,515)	(42,791)	(98,885)	(3,509)
Net cash from financing activities	3,584	116,795	2,724	(20,330)	75,023
Other Financial Data:					
Adjusted EBITDA(3)	$ 157,580	$ 163,219	$ 133,297	$ 119,935	$ 90,276

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	At December 31,				
	2009	2008	2007	2006	2005
			(in thousands)		
Balance Sheet Data:					
Working capital	$ 386,930	$ 307,679	$ 169,585	$ 124,465	$ 100,354
Goodwill	56,085	24,578	21,572	19,032	19,032
Total assets	1,401,068	898,336	769,888	670,808	614,364
Long-term obligations (including current portion)(4)	301,271	53,630	123,483	124,561	154,291
Stockholders' equity(2)	613,825	429,045	202,897	173,186	115,658

(1) For fiscal year 2006, the provision includes a reversal of $14.1 million of the valuation allowance.

(2) We issued: (i) 0.4 million shares of common stock in February 2005 upon cashless exercise of previously outstanding warrants; (ii) 1.6 million shares of common stock in October 2005 upon exercise of previously outstanding warrants for an aggregate of $12.5 million; (iii) 2.3 million shares of common stock in December 2005 upon the closing of a public offering for aggregate net proceeds (after deducting the underwriters' discount and offering expenses payable by us) of $60.2 million; (iv) 0.4 million shares of common stock in December 2007 upon exercise of previously outstanding warrants for an aggregate of $1.2 million and conversion of previously outstanding shares of Series B preferred stock; (v) 2.875 million shares of common stock in April 2008 upon the closing of a public offering for aggregate net proceeds (after deducting the underwriters' discount and offering expenses payable by us) of $173.5 million; and (vi) 2.4 million shares of common stock in July 2009 to the former holders of Eveready common shares as partial consideration for our acquisition of Eveready.

(3) For all periods presented, "Adjusted EBITDA" consists of net income plus accretion of environmental liabilities, depreciation and amortization, net interest expense, and provision for income taxes. We also exclude loss on early extinguishment of debt, equity interest in joint venture, other (income) expense, and income from discontinued operations, net of tax as these amounts are not considered part of usual business operations. See below for a reconciliation of Adjusted EBITDA to both net income and net cash provided by operating activities for the specified periods. Our management considers Adjusted EBITDA to be a measurement of performance which provides useful information to both management and investors. Adjusted EBITDA should not be considered an alternative to net income or other measurements under generally accepted accounting principles ("GAAP"). Because Adjusted EBITDA is not calculated identically by all companies, our measurements of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

We use Adjusted EBITDA to enhance our understanding of our core operating performance, which represents our views concerning our performance in the ordinary, ongoing and customary course of our operations. We historically have found it helpful, and believe that investors have found it helpful, to consider an operating measure that excludes expenses such as debt extinguishment and related costs relating to transactions not reflective of our core operations.

The information about our core operating performance provided by this financial measure is used by our management for a variety of purposes. We regularly communicate Adjusted EBITDA results to our board of directors and discuss with the board our interpretation of such results. We also compare our Adjusted EBITDA performance against internal targets as a key factor in determining cash bonus compensation for executives and other employees, largely because we believe that this measure is indicative of the how the fundamental business is performing and is being managed.

We also provide information relating to our Adjusted EBITDA so that analysts, investors and other interested persons have the same data that we use to assess our core operating performance. We believe that Adjusted EBITDA should be viewed only as a supplement to the GAAP financial information. We also believe, however, that providing this information in addition to, and together with, GAAP financial information permits the foregoing persons to obtain a better understanding of our core operating performance and to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance on a standalone and a comparative basis.

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The following is a reconciliation of net income to Adjusted EBITDA for the following periods (in thousands):

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Net income	$ 36,686	$ 57,486	$ 44,198	$ 46,675	$ 25,621
Accretion of environmental liabilities	10,617	10,776	10,447	10,220	10,384
Depreciation and amortization	64,898	44,471	37,590	35,339	28,633
Loss on early extinguishment of debt	4,853	5,473		8,529	
Interest expense, net	15,999	8,403	13,157	12,447	22,754
Equity interest in joint venture				(61)	
Provision for income taxes	26,225	36,491	28,040	6,339	3,495
Other (income) expense	(259)	119	(135)	447	(611)
Income from discontinued operations, net of tax	(1,439)				
Adjusted EBITDA	$ 157,580	$ 163,219	$ 133,297	$ 119,935	$ 90,276

The following reconciles Adjusted EBITDA to net cash provided by operating activities for the following years ended December 31 (in thousands):

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Adjusted EBITDA	$ 157,580	$ 163,219	$ 133,297	$ 119,935	$ 90,276
Interest expense, net	(15,999)	(8,403)	(13,157)	(12,447)	(22,754)
Provision for income taxes	(26,225)	(36,491)	(28,040)	(6,339)	(3,495)
Income from discontinued operations, net of tax	1,439				
Allowance for doubtful accounts	1,006	267	(418)	88	(105)
Amortization of deferred financing costs and debt discount	1,997	1,915	1,940	1,616	1,669
Change in environmental liability estimates	(4,657)	(2,047)	597	(9,582)	(11,265)
Deferred income taxes	4,830	3,197	(7,492)	(6,385)	(1,242)
Stock-based compensation	968	3,565	4,799	3,387	56
Excess tax benefit of stock-based compensation	(481)	(3,504)	(6,386)	(5,239)	
Income tax benefits related to stock option exercises	474	3,534	6,427	5,399	408
Impairment of assets held for sale					281
Gain on sale of fixed assets					(26)
Prepayment penalty on early extinguishment of debt	(3,002)	(3,552)		(6,146)	
Environmental expenditures	(8,617)	(14,268)	(6,511)	(7,605)	(7,243)
Changes in assets and liabilities, net of acquisition					
Accounts receivable	(11,429)	17,221	(19,142)	(5,000)	(25,983)
Other current assets	1,093	5,529	(2,693)	(11,092)	(686)
Accounts payable	5,050	(17,763)	(4,603)	(4,674)	(804)
Other current liabilities	(10,757)	(2,829)	21,377	5,466	10,580
Net cash provided by operating activities	$ 93,270	$ 109,590	$ 79,995	$ 61,382	$ 29,667

(4) Long-term obligations (including current portion) include borrowings under our current and former revolving credit facilities and capital lease obligations.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

In addition to historical information, this Management's Discussion and Analysis 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 of this report entitled Item 1A, "Risk Factors." Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. Readers should also carefully review the risk factors described in other documents which we file from time to time with the SEC, including the quarterly reports on Form 10-Q to be filed by us during 2010.

Overview

We are a leading provider of environmental, energy and industrial services throughout North America. We serve over 50,000 customers, including a majority of Fortune 500 companies, thousands of smaller private entities and numerous federal, state, provincial and local governmental agencies. We have more than 175 locations, including over 50 waste management facilities, throughout North America in 36 U.S. states, seven Canadian provinces, Mexico and Puerto Rico. We also operate international locations in Bulgaria, China, Singapore, Sweden, Thailand and the United Kingdom.

In connection with the closing of our acquisition of Eveready on July 31, 2009, we re-aligned and expanded our reportable segments. This new structure reflects the way management makes operating decisions and manages the growth and profitability of our business. The amounts presented for all prior periods in the discussion and analysis have been recast to reflect the impact of such changes. Under the new structure, we report the business in four operating segments, including:

- Technical Services provide a broad range of hazardous material management services including the packaging, collection, transportation, treatment and disposal of hazardous and non-hazardous waste at Company-owned incineration, landfill, wastewater, and other treatment facilities.

- Field Services provide a wide variety of environmental cleanup services on customer sites or other locations on a scheduled or emergency response basis including tank cleaning, decontamination, remediation, and spill cleanup.

- Industrial Services provide industrial and specialty services, such as high-pressure and chemical cleaning, catalyst handling, decoking, material processing and industrial lodging services to refineries, chemical plants, pulp and paper mills, and other industrial facilities.

- Exploration Services provide exploration and directional boring services to the energy sector serving oil and gas exploration, production, and power generation.

During the third quarter of 2009, we completed the Eveready acquisition and integrated Eveready's operations with our existing systems and processes. Eveready is a Canadian-based company that provides industrial maintenance and production, lodging and exploration services to the oil and gas, chemical, pulp and paper, manufacturing and power generation industries. We expect the acquisition to extend our capabilities in both the environmental and industrial services marketplace, providing cross-selling opportunities for the combined organization and significantly broadening our presence throughout Canada.

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The purchase price of the acquisition totaled $410 million and included the issuance of 2.4 million shares of our common stock, assumption of $237 million of Eveready debt, and a cash payment of $56 million to the former Eveready shareholders. The acquisition was announced in April 2009, and as a condition to the approval of the acquisition by the Canadian Commissioner of Competition we agreed to divest Eveready's Pembina Area Landfill, located near Drayton Valley, Alberta, due to its proximity to our existing landfill in the region.

In connection with our acquisition of Eveready, we were required to obtain waivers from the lenders under our and Eveready's respective then existing credit agreements to allow for the completion of the acquisition and the repayment of Eveready's then outstanding 7% convertible subordinated debentures, and also concurrently with or following the acquisition to secure financing sufficient to pay off or restructure substantially all of the then remaining Eveready indebtedness. We obtained the necessary waivers prior to the closing of the acquisition and subsequently met the financing requirement on August 14, 2009 by issuing $300.0 million principal amount of $7^5/_8$% senior secured notes for net proceeds of $292.1 million. We used most of the net proceeds of the offering to repay and terminate substantially all of the then outstanding Eveready debt (other than certain capital leases) assumed in connection with the acquisition and to pay related fees and expenses.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of our assets, liabilities, revenues and expenses, and related disclosures of contingent liabilities. The following are the areas that we believe require the greatest amount of judgments or estimates in the preparation of the financial statements: revenue allowance, deferred revenue, allowance for doubtful accounts, accounting for landfills, non-landfill closure and post-closure liabilities, remedial liabilities, testing goodwill for impairment, permits and other intangible assets, insurance expense, legal matters, and provision for income taxes. Our management reviews critical accounting estimates with the Audit Committee of our Board of Directors on an ongoing basis and as needed prior to the release of our annual financial statements. Also see Note 2, "Significant Accounting Policies," in Part II, Item 8. "Financial Statements and Supplementary Data," of this Form 10-K annual report, which discusses the significant assumptions used in applying our accounting policies.

Revenue Allowance. Due to the nature of our business and the complex invoices that result from the services we provide, customers may withhold payments and attempt to renegotiate amounts invoiced. In addition, for some of the services we provide, our invoices are based on quotes that can either generate credits or debits when the actual revenue amount is known. Based on our industry knowledge and historical trends, we record a revenue allowance accordingly. This practice causes the volume of activity flowing through the revenue allowance during the year to be higher than the balance at the end of the year. Increases in overall sales volumes and the expansion of our customer base in recent years have also increased the volume of additions and deductions to the allowance during the year, as well as increased the amount of the allowance at the end of the year.

Our revenue allowance is intended to cover the net amount of revenue adjustments that may need to be credited to customers' accounts in future periods. We determine the appropriate total revenue allowance by evaluating the following factors on a customer-by-customer basis as well as on a consolidated level: historical collection trends, age of outstanding receivables, existing economic conditions and other information as deemed applicable. Revenue allowance estimates can differ materially from the actual adjustments, but historically our revenue allowance has been sufficient to cover the net amount of the reserve adjustments issued in subsequent reporting periods.

Deferred Revenue. As is the customary practice in the environmental services industry, we submit a bill for services shortly after waste is collected from a customer location and prior to completion of the waste disposal process. We recognize revenue for waste disposal services only when the waste is placed into a landfill, incinerated, treated in a wastewater treatment facility, or shipped to a third party for disposal. Deferred revenue, representing amounts invoiced to customers for waste not yet processed, stated on our balance sheet as of December 31, 2009 was $21.2 million.

Allowance for Doubtful Accounts. We establish an allowance for doubtful accounts to cover accounts receivable that may not be collectible. In establishing the allowance for doubtful accounts, we analyze the collectability of accounts that are large or past due. In addition, we consider historical bad debts and current economic trends in evaluating the allowance for doubtful accounts. Accounts receivable written off in subsequent periods can differ materially from the allowance for doubtful accounts provided, but historically our provision has been adequate.

Accounting for Landfills. We amortize landfill improvements and certain landfill-related permits over their estimated useful lives. The units-of-consumption method is used to amortize land, landfill cell construction, asset retirement costs and remaining landfill cells and sites. We also utilize the units-of-consumption method to record closure and post-closure obligations for landfill cells and sites. Under the units-of-consumption method, we include future estimated construction and asset retirement costs, as well as costs incurred to date, in the amortization base of the landfill assets. Additionally, where appropriate, as discussed below, we include probable expansion airspace that has yet to be permitted in the calculation of the total remaining useful life of the landfill.

Landfill Assets Landfill assets include the costs of landfill site acquisition, permits and cell construction incurred to date. These amounts are amortized under the units-of-consumption method such that the asset is completely amortized when the landfill ceases accepting waste.

Landfill Capacity Landfill capacity, which is the basis for the amortization of landfill assets and for the accrual of final closure and post-closure obligations, represents total permitted airspace plus unpermitted airspace that management believes is probable of ultimately being permitted based on established criteria. Management applies the following criteria for evaluating the probability of obtaining a permit for future expansion airspace at existing sites, which provides management a basis to evaluate the likelihood of success of unpermitted expansions:

Personnel are actively working to obtain the permit or permit modifications (land use, state and federal) necessary for expansion of an existing landfill, and progress is being made on the project.

Management expects to submit the application within the next year and to receive all necessary approvals to accept waste within the next five years.

At the time the expansion is included in management's estimate of the landfill's useful economic life, it is probable that the required approvals will be received within the normal application and processing time periods for approvals in the jurisdiction in which the landfill is located.

The Company or other owner of the landfill has a legal right to use or obtain the right to use the land associated with the expansion plan.

There are no significant known political, technical, legal or business restrictions or other issues that could impair the success of such expansion.

A financial feasibility analysis has been completed and the results demonstrate that the expansion will have a positive financial and operational impact such that management is committed to pursuing the expansion.

Additional airspace and related additional costs, including permitting, final closure and post-closure costs, have been estimated based on the conceptual design of the proposed expansion.

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Exceptions to the criteria set forth above are approved through a landfill-specific approval process that includes approval from our Chief Financial Officer and review by the Audit Committee of our Board of Directors. As of December 31, 2009, there were three unpermitted expansions at two locations included in management's landfill calculation, which represented 29.4% of our remaining airspace at that date. As of December 31, 2009, none of these unpermitted expansions were considered exceptions to management's established criteria described above. If actual expansion airspace is significantly different from management's estimate of expansion airspace, the amortization rates used for the units-of-consumption method would change, therefore impacting our profitability. If we determine that there is less actual expansion airspace at a landfill, this would increase amortization expense recorded and decrease profitability, while if we determine a landfill has more actual expansion airspace, amortization expense would decrease and profitability would increase.

Landfill Final Closure and Post-Closure Liabilities The balance of landfill final closure and post-closure liabilities at December 31, 2009 and 2008 was $28.1 million and $25.3 million, respectively. We have material financial commitments for the costs associated with requirements of the EPA and the comparable regulatory agency in Canada for landfill final closure and post-closure activities. In the United States, the landfill final closure and post-closure requirements are established under the standards of the EPA, and are implemented and applied on a state-by-state basis. We develop estimates for the cost of these activities based on our evaluation of site-specific facts and circumstances, such as the existence of structures and other landfill improvements that would need to be dismantled, the amount of groundwater monitoring and leachate management expected to be performed, and the length of the post-closure period as determined by the applicable regulatory agency. Included in our cost estimates are our interpretation of current regulatory requirements and proposed regulatory changes. Such estimates may change in the future due to various circumstances including, but not limited to, permit modifications, changes in legislation or regulations, technological changes and results of environmental studies. We perform zero-based reviews of these estimated liabilities at least every five years or sooner if the occurrence of a significant event is likely to change the timing or amount of the currently estimated expenditures. We consider a significant event to be a new regulation or an amendment to an existing regulation, a new permit or modification to an existing permit, or a change in the market price of a significant cost item. Our cost estimates are calculated using internal sources as well as input from third party experts. These costs are measured at estimated fair value using present value techniques, and therefore changes in the estimated timing of closure and post-closure activities would affect the liability, the value of the related asset, and our results of operations.

Final closure costs are the costs incurred after the site ceases to accept waste, but before the landfill is certified as closed by the applicable state or provincial regulatory agency. These costs generally include the costs required to cap the final cell of the landfill (if not included in cell closure), to dismantle certain structures for landfills and other landfill improvements and regulation-mandated groundwater monitoring, and for leachate management. Post-closure costs involve the maintenance and monitoring of a landfill site that has been certified closed by the applicable regulatory agency. These costs generally include groundwater monitoring and leachate management. Regulatory post-closure periods are generally 30 years after landfill closure. Final closure and post-closure obligations are accrued on a units-of-consumption basis, such that the present value of the final closure and post-closure obligations are fully accrued at the date the landfill discontinues accepting waste.

Non-Landfill Closure and Post-Closure Liabilities. The balance of our non-landfill closure and post-closure liabilities at December 31, 2009 and 2008 was $7.7 million and $7.4 million, respectively. We base estimates for non-landfill closure and post-closure liabilities on our interpretations of existing permit and regulatory requirements for closure and post-closure maintenance and monitoring. Our cost estimates are calculated using internal sources as well as input from third party experts. We use probability scenarios to estimate when future operations will cease and inflate the current cost of closing the non-landfill facility on a probability weighted basis using the appropriate inflation rate and then discounting the future value to arrive at an estimated present value of closure and post-closure costs. The estimates for non-landfill closure and post-closure liabilities are inherently uncertain due to the possibility that permit and regulatory requirements will change in the future, impacting the estimation of total costs and the timing of the expenditures. We review non-landfill closure and post-closure liabilities for changes to key assumptions that would impact the amount of the recorded liabilities. Changes that would prompt us to revise a liability estimate include changes in legal requirements that impact our expected closure plan, in the market price of a significant cost item, in the probability scenarios as to when future operations at a location might cease, or in the expected timing of the cost expenditures. Changes in estimates for non-landfill closure and post-closure events immediately impact the required liability and the value of the corresponding asset. If a change is made to a fully-consumed asset, the adjustment is charged immediately to expense. When a change in estimate relates to an asset that has not been fully consumed, the adjustment to the asset is recognized in income prospectively as a component of amortization. Historically, material changes to non-landfill closure and post-closure estimates have been infrequent.

Remedial Liabilities. The balance of our remedial liabilities at December 31, 2009 and 2008 was $145.5 million and $145.9 million, respectively. See Note 9, "Remedial Liabilities," to our consolidated financial statements for the three years ended December 31, 2009, for the changes to the remedial liabilities during the years ended December 31, 2009 and 2008. Remedial liabilities are obligations to investigate, alleviate or eliminate the effects of a release (or threat of a release) of hazardous substances into the environment and may also include corrective action under RCRA. Our remediation obligations can be further characterized as Legal, Superfund, Long-term Maintenance and One-Time Projects. Legal liabilities are typically comprised of litigation matters that involve potential liability for certain aspects of environmental cleanup and can include third party claims for property damage or bodily injury allegedly arising from or caused by exposure to hazardous substances originating from our activities or operations, or in certain cases, from the actions or inactions of other persons or companies. Superfund liabilities are typically claims alleging that we are a potentially responsible party ("PRP") and/or are potentially liable for environmental response, removal, remediation and cleanup costs at/or from either a facility we own or a site owned by a third party. As described in Note 18, "Commitments and Contingencies," to our consolidated financial statements for the three years ended December 31, 2009, Superfund liabilities also include certain liabilities payable to governmental entities for which we are potentially liable to reimburse the sellers in connection with our 2002 acquisition of substantially all of the assets of the Chemical Services Division of Safety-Kleen Corp. Long-term Maintenance liabilities include the costs of groundwater monitoring, treatment system operations, permit fees and facility maintenance for inactive operations. One-Time Projects liabilities include the costs necessary to comply with regulatory requirements for the removal or treatment of contaminated materials.

Amounts recorded related to the costs required to remediate a location are determined by internal engineers and operational personnel and incorporate input from external third parties. The estimates consider such factors as the nature and extent of environmental contamination (if any); the terms of applicable permits and agreements with regulatory authorities as to cleanup procedures and whether modifications to such permits and agreements will likely need to be negotiated; the cost of performing anticipated cleanup activities based upon current technology; and in the case of Superfund and other sites where other parties will also be responsible for a portion of the clean up costs, the likely allocation of such costs and the ability of such other parties to pay their share. Each quarter, our management discusses if any events have occurred or milestones have been met that would warrant the creation of a new remedial liability or the revision of an existing remedial liability. Such events or milestones include identification and verification as a PRP, receipt of a unilateral administrative order under Superfund or requirement for RCRA interim corrective measures, completion of the feasibility study under Superfund or the corrective measures study under RCRA, new or modifications to existing permits, changes in property use, or a change in the market price of a significant cost item. Remedial liabilities are inherently difficult to estimate and there is a risk that the actual quantities of

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contaminants could differ from the results of the site investigation, which could materially impact the amount of our liability. It is also possible that chosen methods of remedial solutions will not be successful and funds will be required for alternative solutions.

Remedial liabilities are discounted only when the timing of the payments is estimable and the amounts are determinable. With the exception of remedial liabilities assumed as part of an acquisition that are measured at fair value, our experience has been that the timing of payments for remedial liabilities is usually not estimable and therefore the amounts of remedial liabilities are generally not discounted.

Goodwill. Goodwill is assessed for impairment at least annually and as triggering events occur. Such triggering events include, but are not limited to:

- A significant adverse change in legal factors or in the business climate,
- An adverse action or assessment by a regulator,
- Cash or operating losses at the reporting unit, or
- Market capitalization that is below book value.

Our management assesses impairment by comparing the fair value of each reporting unit to the carrying value of the net assets assigned to each reporting unit, including goodwill. In the event the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill test would be performed to measure the amount of impairment loss.

The fair value of the reporting units is determined based on a discounted cash flow analysis and compared to guideline companies and comparable transactions for reasonableness. Significant judgments are inherent in these analyses and include assumptions about the amount and timing of expected future cash flows, growth rates, and the determination of appropriate discount rates. We believe that the assumptions used in our impairment analysis are reasonable, but variations in any of the assumptions may result in different calculations of fair values that could result in a material impairment charge. The impairment analysis performed during the year ended December 31, 2009, utilized 2010 annual budgeted amounts. The discount rate assumptions were based on an assessment of our weighted average cost of capital. As part of the analysis, we compared the aggregate implied fair value of our five reporting units to our market capitalization at December 31, 2009 and assessed for reasonableness.

We did not record an impairment charge as a result of our goodwill impairment test in 2009. The fair value significantly exceeds the carry value of our Field Services and Technical Services reporting units. Because we assigned net assets at fair value as of July 31, 2009 to the Industrial Services and Exploration Services reporting units, the fair value closely approximates the carrying value of these recently created reporting units. There can be no assurance that goodwill will not be impaired at any time in the future.

Permits and Other Intangible Assets. Our long-lived assets, including permits, are carried on our financial statements based on their cost less accumulated depreciation or amortization. We review the carrying value of our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In order to assess whether a potential impairment exists, the assets' carrying values are compared with their undiscounted expected future cash flows. Estimating future cash flows requires significant judgment about factors such as general economic conditions and projected growth rates, and our estimates often vary from the cash flows eventually realized. Impairments are measured by comparing the fair value of the asset to its carrying value. Fair value is generally determined by considering (i) internally developed discounted projected cash flow analysis of the asset; (ii) actual third-party valuations; and/or (iii) information available regarding the current market environment for similar assets. If the fair value of an asset is determined to be less than the carrying amount of the asset, an impairment in the amount of the difference is recorded in the period that the events or changes in circumstances that indicated the carrying value of the assets may not be recoverable occurred.

Insurance Expense. It is our policy to retain a significant portion of certain expected losses related primarily to workers' compensation, health insurance, comprehensive general and vehicle liability. The insurance accruals are based on claims filed and estimates of claims not reported and are developed by management with assistance from our third-party actuary and third-party claims administrator. The insurance accruals are driven by historical claims data and industry information. Significant changes in the frequency or amount of claims as compared to our historical information could materially affect our self-insurance liabilities. Actual expenditures required in future periods can differ materially from accruals established based on estimates.

Legal Matters. As described in Note 18, "Commitments and Contingencies," to the financial statements included in Item 8, "Financial Statements and Supplemental Data," we are subject to legal proceedings which relate to our past acquisitions or which have arisen in the ordinary course of business. Accruals are established for legal matters when, in our opinion, it is probable that a liability exists and the liability can be reasonably estimated. As of December 31, 2009, we had reserves of $28.8 million (substantially all of which we had established as part of the purchase price for the CSD assets and are included in the $181.3 million accrued environmental liabilities as of December 31, 2009 for closure, post closure and remediation, as described above) relating to our potential liabilities in connection with such legal proceedings which were then pending or anticipated. We also estimate that it is "reasonably possible," as that term is defined ("more than remote but less than likely"), that the amount of such total liabilities could be as much as $4.7 million more. Actual expenses incurred in future periods could differ materially from accruals established.

Provision for Income Taxes. We account for income taxes in accordance with Accounting Standards Codification ("ASC") 740, *Income taxes*. We have established a valuation allowance when, based on an evaluation of objective verifiable evidence, we believe it is more likely than not that some portion or all of deferred tax assets will not be realized.

A liability for uncertain tax positions is recorded to the extent a tax position taken or expected to be taken in a tax return does not meet certain recognition or measurement criteria. We record interest and penalties on these uncertain tax positions as applicable. We record interest and penalties related to income tax matters as a component of income tax expense.

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Results of Operations

The following table sets forth for the periods indicated certain operating data associated with our results of operations. This table and subsequent discussions should be read in conjunction with Item 6, "Selected Financial Data," and Item 8, "Financial Statements and Supplementary Data," of this report.

	Percentage of Total Revenues Year Ended December 31,				
	2009	**2008**	**2007**	**2006**	**2005**
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues (exclusive of items shown separately below)	70.2	68.7	70.1	70.4	72.1
Selling, general and administrative expenses	15.2	15.5	15.8	15.1	15.2
Accretion of environmental liabilities	1.0	1.0	1.1	1.2	1.5
Depreciation and amortization	6.0	4.3	4.0	4.3	4.0
Income from operations	7.6	10.5	9.0	9.0	7.2
Other income (expense)				(0.1)	0.1
Loss on early extinguishment of debt	(0.4)	(0.5)		(1.0)	
Interest (expense) net	(1.5)	(0.8)	(1.4)	(1.5)	(3.2)
Income from continuing operations before provision for income taxes	5.7	9.2	7.6	6.4	4.1
Provision for income taxes	2.4	3.6	2.9	0.8	0.5
Income from continuing operations	3.3	5.6	4.7	5.6	3.6
Income from discontinued operations, net of tax	0.1				
Net income	3.4%	5.6%	4.7%	5.6%	3.6%

Segment data

Performance of our segments is evaluated on several factors of which the primary financial measure is Adjusted EBITDA. The following tables set forth certain operating data associated with our results of operations and compare Adjusted EBITDA contribution by operating segment for the years ended December 31, 2009 and 2008 and the years ended December 31, 2008 and 2007. See footnote 3 under Item 6, "Selected Financial Data," for a description of the calculation of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income and net cash provided by operating activities. We consider the Adjusted EBITDA contribution from each operating segment to include revenue attributable to that segment less operating expenses, which include cost of revenues and selling, general and administrative expenses. Revenue attributable to each segment is generally external or direct revenue from third party customers. Direct revenue is the revenue allocated to the segment performing the provided service. Certain income or expenses of a non-recurring or unusual nature are not included in the operating segment's Adjusted EBITDA contribution. In connection with the Eveready acquisition on July 31, 2009, amounts presented for prior periods have been recast to reflect the changes made to our segment presentation as a result of the changes we then made in how we manage our business. This table and subsequent discussions should be read in conjunction with Item 8, "Financial Statements and Supplementary Data," of this report and in particular Note 19, "Segment Reporting," to such financial statements.

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Year ended December 31, 2009 versus Year ended December 31, 2008

Summary of Operations (in thousands)

	December 31, 2009	December 31, 2008	$ Change	% Change
Direct Revenues:				
Technical Services	$ 672,969	$ 734,940	$ (61,971)	(8.4)%
Field Services	202,745	258,431	(55,686)	(21.5)
Industrial Services	181,826	39,509	142,317	360.2
Exploration Services	18,392		18,392	
Corporate Items	(1,712)	(2,167)	455	(21.0)
Total	1,074,220	1,030,713	43,507	4.2
Cost of Revenues (exclusive of certain items shown separately)(1):				
Technical Services	430,743	483,789	(53,046)	(11.0)
Field Services	155,834	193,662	(37,828)	(19.5)
Industrial Services	145,838	27,971	117,867	421.4
Exploration Services	16,147		16,147	
Corporate Items	4,921	2,398	2,523	105.3
Total	753,483	707,820	45,663	6.5
Selling, General & Administrative Expenses:				
Technical Services	64,543	64,675	(132)	(0.2)
Field Services	22,473	27,653	(5,180)	(18.7)
Industrial Services	15,358	2,550	12,808	502.2
Exploration Services	1,622		1,622	
Corporate Items	59,161	64,796	(5,635)	(8.7)
Total	163,157	159,674	3,483	2.2
Adjusted EBITDA(2):				
Technical Services	177,683	186,476	(8,793)	(4.7)
Field Services	24,438	37,116	(12,678)	(34.1)
Industrial Services	20,630	8,988	11,642	129.5
Exploration Services	623		623	
Corporate Items	(65,794)	(69,361)	3,567	(5.1)

Total	$	157,580	$	163,219	$	(5,639)	(3.5)%

(1) Items shown separately on the statements of income consist of (i) accretion of environmental liabilities and (ii) depreciation and amortization.

(2) See footnote 3 under Item 6, "Selected Financial Data," for a discussion of Adjusted EBITDA.

Revenues

Technical Services revenues decreased 8.4%, or $62.0 million, for the year ended December 31, 2009 from the comparable period in 2008 primarily due to reductions in volumes being processed through our facilities network ($45.8 million) and the weakening Canadian dollar ($7.7 million). These decreases were partially offset by revenues generated by the two solvent recycling facilities acquired in March 2008, changes in product mix and pricing ($5.3 million) and increases in incinerator and landfill volumes ($12.7 million). The remainder of the total decrease was attributable to reductions in base business and reduced fuel recovery fees.

Field Services revenues decreased 21.5%, or $55.7 million, for the year ended December 31, 2009 from the comparable period in 2008 due primarily to a decline in base business, a reduction in the volume of long-term project business ($10.3 million), declines in oil pricing ($9.8 million), a reduction in event related revenues ($9.7 million), a decrease in large remedial project business ($7.7 million) and the weakening of the Canadian dollar ($0.9 million).

The increases in Industrial Services and Exploration Services revenues for the year ended December 31, 2009 were primarily due to our acquisition of Eveready on July 31, 2009.

There are many factors which have impacted, and continue to impact, our revenues. These factors include, but are not limited to: the current economic slowdown, the effects of unseasonable weather conditions, the general conditions of the oil and gas industries particularly in the Alberta oil sands and other parts of Western Canada, the reduced level of emergency response projects, competitive industry pricing, and the effects of lower fuel prices on our fuel recovery fee.

Cost of Revenues

Technical Services costs of revenues decreased 11.0%, or $53.0 million, for the year ended December 31, 2009 from the comparable period in 2008 primarily due to reductions in outside disposal and transportation costs ($11.0 million), salary and labor expenses ($10.6 million), fuel costs ($9.5 million), costs of materials, supplies, and equipment rentals ($5.7 million), utility costs ($4.6 million), subcontractor and temporary fees ($4.2 million), and the weakening of the Canadian dollar ($4.2 million).

Field Services costs of revenues decreased 19.5%, or $37.8 million, for the year ended December 31, 2009 from the comparable period in 2008 primarily due to decreases in outside transportation and disposal costs ($9.8 million), subcontractor and temporary fees ($6.3 million), labor and related expenses ($5.1 million), fuel charges ($4.4 million), material and supply costs ($2.7 million), materials for reclaim or resale ($4.2 million), travel expenses ($2.2 million), and the weakening of the Canadian dollar ($0.7 million). The decrease in outside transportation and disposal costs was partially attributable to Company-wide initiatives to maximize the utilization of Company owned resources.

The increases in Industrial Services and Exploration Services cost of revenues for the year ended December 31, 2009 were primarily due to our acquisition of Eveready on July 31, 2009.

Corporate Items costs of revenues increased $2.5 million for the year ended December 31, 2009 from the comparable period in 2008 primarily due to increases in health insurance related costs.

We believe that our ability to manage operating costs is important in our ability to remain price competitive. We continue to upgrade the quality and efficiency of our waste treatment services through the development of new technology and continued modifications and upgrades at our facilities, and implementation of strategic sourcing initiatives. We plan to continue to focus on achieving cost savings relating to purchased goods and services through a strategic sourcing initiative. No assurance can be given that our efforts to reduce future operating expenses will be successful.

Selling, General and Administrative Expenses

Technical Services selling, general and administrative expenses decreased 0.2% or $0.1 million for the year ended December 31, 2009 from the comparable period in 2008 primarily due to reductions in salaries, commissions and bonuses ($2.5 million), partially offset by year-over-year unfavorable changes in environmental liability estimates ($2.4 million) resulting from a benefit recorded in 2008 of $2.3 million compared to an expense recorded in 2009 of $0.1 million.

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Field Services selling, general and administrative expenses decreased 18.7%, or $5.2 million, for the year ended December 31, 2009 from the comparable period in 2008 primarily due to reductions in commissions and bonuses.

The increases in Industrial Services and Exploration Services selling, general and administrative expenses for the year ended December 31, 2009 were primarily due to our acquisition of Eveready on July 31, 2009.

Corporate Items selling, general and administrative expenses decreased $5.6 million, primarily due to a reduction in stock-based compensation and bonuses ($7.3 million), legal fees ($3.9 million), salaries ($2.6 million) which included a year-over-year reduction of $1.8 million for severance costs, and year-over-year favorable changes in environmental liability estimates ($4.3 million). These decreases were partially offset by increases in year-over-year acquisition related costs ($6.6 million), health insurance related costs ($1.8 million) and the impact on our balance sheet of the weakening Canadian dollar ($4.1 million).

Depreciation and Amortization

	Year Ended December 31, (in thousands)	
	2009	**2008**
Depreciation of fixed assets	$ 50,428	$ 33,438
Landfill and other amortization	14,470	11,033
Total depreciation and amortization	$ 64,898	$ 44,471

Depreciation and amortization increased 45.9%, or $20.4 million for the year ended December 31, 2009 compared to the same period in 2008. Depreciation of fixed assets increased primarily due to our acquisition of Eveready on July 31, 2009 and other increased capital expenditures in recent periods. Landfill and other amortization increased 31.2%, primarily due to the increase in other intangibles resulting from the acquisition of Eveready as well as increases in landfill volumes and landfill cell amortization rates.

Interest Expense, Net

	Year Ended December 31, (in thousands)	
	2009	**2008**
Interest expense	$ 16,824	$ 13,497
Interest income	(825)	(5,094)
Interest expense, net	$ 15,999	$ 8,403

Interest expense, net increased 90.4%, or $7.6 million for the year ended December 31, 2009 compared to the same period in 2008. The increase in interest expense was primarily due to the issuance of $300.0 million in senior secured notes in August 2009 and the refinancing of our revolving credit facility. The reduction of interest income in the same period was primarily due to a reduction in the interest rates being earned on our cash and cash equivalents balances.

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Year ended December 31, 2008 versus Year ended December 31, 2007

Summary of Operations (in thousands)

	December 31,			
	2008	**2007**	**$ Change**	**% Change**
Direct Revenues:				
Technical Services	$ 734,940	$ 694,361	$ 40,579	5.8%
Field Services	258,431	215,931	42,500	19.7
Industrial Services	39,509	37,736	1,773	4.7
Exploration Services				
Corporate Items	(2,167)	(1,111)	(1,056)	95.0
Total	1,030,713	946,917	83,796	8.8
Cost of Revenues (exclusive of certain items shown separately)(1):				
Technical Services	483,789	468,469	15,320	3.3
Field Services	193,662	161,504	32,158	19.9
Industrial Services	27,971	28,707	(736)	(2.6)
Exploration Services				
Corporate Items	2,398	5,760	(3,362)	(58.4)
Total	707,820	664,440	43,380	6.5
Selling, General & Administrative Expenses:				
Technical Services	64,675	62,487	2,188	3.5
Field Services	27,653	19,597	8,056	41.1
Industrial Services	2,550	3,439	(889)	(25.9)
Exploration Services				
Corporate Items	64,796	63,657	1,139	1.8
Total	159,674	149,180	10,494	7.0
Adjusted EBITDA(2):				
Technical Services	186,476	163,405	23,071	14.1
Field Services	37,116	34,830	2,286	6.6
Industrial Services	8,988	5,590	3,398	60.8
Exploration Services				
Corporate Items	(69,361)	(70,528)	1,167	(1.7)

Total	$	163,219	$	133,297	$	29,922	22.4%

(1) Items shown separately on the statements of income consist of (i) accretion of environmental liabilities and (ii) depreciation and amortization.

(2) See footnote 3 under Item 6, "Selected Financial Data," for a discussion of Adjusted EBITDA.

Revenues

Technical Services revenues increased 5.8%, or $40.6 million, in the year ended December 31, 2008 from the comparable period in 2007 due to increases in pricing ($38.9 million), new business, increases in fuel recovery fees, stronger performance in the transportation and disposal business lines, and the strengthening of the Canadian dollar ($0.9 million), partially offset by a nationwide reduction in landfill volumes ($15.8 million). The revenue growth from new business was generated primarily from the 2008 acquisitions of two solvent recycling facilities ($9.8 million), and the 2007 Romic acquisition which contributed to the overall growth in some of our Western locations ($7.1 million).

Field Services revenues increased 19.7%, or $42.5 million, in the year ended December 31, 2008 from the comparable period in 2007 due to several significant emergency response projects ($8.8 million), an increase in large remedial project business ($8.1 million), an increase in the volume of long-term project business ($6.7 million), growth in base business ($16.2 million), pricing increases, and new business. The new business reflected primarily increases in services for existing customers and the effect of the Universal Environmental acquisition.

Industrial Services revenues increased 4.7%, or $1.8 million, in the year ended December 31, 2008 from the comparable period in 2007, primarily due to increased project work.

Corporate Items revenues decreased 95.0%, or $1.1 million, in the year ended December 31, 2008 from the comparable period in 2007 resulting primarily from ceasing to charge Technical Services and Field Services for internal regulatory training in 2008 ($0.5 million) and increased use of internal resources to remediate environmental liabilities ($0.5 million). These increases were largely offset by compensating decreases in external costs (see the Cost of Revenues section below).

Cost of Revenues

Technical Services costs of revenues increased 3.3%, or $15.3 million, in the year ended December 31, 2008 from the comparable period in 2007 due primarily to higher vehicle and fuel related costs ($10.4 million), labor expenses ($6.6 million), utilities ($3.8 million), materials for reclaim or resale ($1.7 million) and the strengthening of the Canadian dollar ($0.5 million). These increases were partially offset by a decrease in outside transportation costs ($10.0 million).

Field Services costs of revenues increased 19.9%, or $32.2 million, in the year ended December 31, 2008 from the comparable period in 2007 primarily due to increases in labor ($8.7 million), vehicle and fuel ($6.0 million), outside transportation and disposal ($3.9 million), subcontractor ($3.9 million), materials and supplies ($2.1 million) and travel costs ($1.8 million). The increase in subcontractor costs was related to the increase in the size of emergency response projects. The increase in labor costs was attributable to business growth and the Universal Environmental acquisition.

Industrial Services cost of revenues decreased 2.6%, or $0.7 million, in the year ended December 31, 2008 from the comparable period in 2007 primarily due to reductions in outside transportation and disposal costs ($1.1 million) and equipment rentals ($1.0 million), offset partially by increased labor expenses ($1.6 million).

Corporate Items costs of revenues decreased 58.4%, or $3.4 million, in the year ended December 31, 2008 from the comparable period in 2007 due primarily to a reduction in insurance premiums and an increased allocation of centrally contracted insurance costs from the Corporate Items segment to Technical Services and Field Services ($1.8 million), lower costs associated with our inactive facilities ($0.8 million), increased internalization resulting in more internal costs being charged against environmental expenditures ($0.5 million), and other reduced costs ($0.3 million).

Selling, General and Administrative Expenses

Technical Services selling, general and administrative expenses increased 3.5% or $2.2 million, in the year ended December 31, 2008 from the comparable period in 2007 primarily due to increases in salary and commissions, offset by a favorable change in environmental liability estimates ($1.7 million).

Field Services selling, general and administrative expenses increased 41.1%, or $8.1 million, in the year ended December 31, 2008 from the comparable period in 2007 primarily due to increases in salary costs and incentive compensation. The increase in labor costs was due to our expansion in the West and Mid-West regions.

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Industrial Services selling, general and administrative expenses decreased 25.9%, or $0.9 million, in the year ended December 31, 2008 from the comparable period in 2007 primarily due to reductions in commissions and bonuses.

Corporate Items selling, general and administrative expenses increased 1.8%, or $1.1 million, in the year ended December 31, 2008 from the comparable period in 2007 primarily due to increases in salaries, benefits and other compensation ($4.4 million), severance costs ($1.9 million), professional fees ($1.8 million), and other costs ($0.7 million). These increases were offset primarily by the weakening of the Canadian dollar and its impact on the remeasurement of the balance sheet ($6.6 million) which resulted from recording a benefit of $3.8 million in 2008 and an expense of $2.8 million in 2007, and year-over-year favorable changes in environmental liability estimates ($1.1 million). The increase in professional fees was primarily attributable to increased legal fees and the termination of negotiations relating to a proposed acquisition. Increases in salaries and bonuses were due to expansion and improved performance.

Depreciation and Amortization

	Year Ended December 31, (in thousands)	
	2008	**2007**
Depreciation of fixed assets	$ 33,438	$ 27,200
Landfill and other amortization	11,033	10,390
Total depreciation and amortization	$ 44,471	$ 37,590

Depreciation and amortization increased 18.3%, or $6.9 million for the year ended December 31, 2008 compared to the same period in 2007. Depreciation of fixed assets increased due to increased capital expenditures in recent periods and acquisitions. Landfill and other amortization increased due primarily to an increase in other intangible assets related to acquisitions.

Interest Expense, Net

	Year Ended December 31, (in thousands)	
	2008	**2007**
Interest expense	$ 13,497	$ 17,180
Interest income	(5,094)	(4,023)
Interest expense, net	$ 8,403	$ 13,157

Interest expense, net decreased 36.1%, or $4.8 million for the year ended December 31, 2008 compared to the same period in 2007. Interest expense decreased due to (i) early termination of capital leases, (ii) a reduction in interest rates, and (iii) the July 2008 and November 2008 redemption or purchase of $50.0 million and $18.5 million, respectively, principal amounts of outstanding senior secured notes. Interest income increased due to the interest earned on the proceeds from the issuance of common stock in April 2008.

Loss on Early Extinguishment of Debt

During the third quarter of 2009, we recorded a $4.9 million loss on the early extinguishment of debt for the repayment of the Company's $30.0 million term loan which was due in 2010, the Company's $23.7 million outstanding senior secured notes, and the Eveready credit facility assumed in connection with the acquisition. The loss included $0.7 and $2.2 million in prepayment penalties on the senior secured notes and Eveready credit facility, respectively, other fees of $0.2 million and non-cash expenses of $1.7 million and $0.1 million for unamortized financing costs and discount, respectively.

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On July 28, 2008, pursuant to a redemption notice delivered on June 25, 2008, we redeemed $50.0 million principal amount of outstanding senior secured notes, recognizing a $4.3 million loss on early extinguishment of debt for the year ended December 31, 2008. This loss consisted of a $2.8 million prepayment penalty and a write-off of the $1.1 million unamortized portion of financing costs and $0.4 million of unamortized discount on the redeemed notes.

In November 2008, pursuant to an excess cash flow offer made on October 8, 2008, we purchased $18.5 million principal amount of outstanding senior secured notes for a purchase price of $19.2 million, plus accrued interest. This purchase resulted in a $1.2 million loss on early extinguishment of debt, which included a $0.7 million premium payment and a write-off of unamortized financing costs and unamortized discount of $0.4 million and $0.1 million, respectively.

Income from Discontinued Operations

In connection with our acquisition of Eveready, we agreed with the Canadian Commissioner of Competition to divest Eveready's Pembina Area Landfill, located near Drayton Valley, Alberta, due to its proximity to our existing landfill in the region. The Pembina Area Landfill meets the held for sale criteria and therefore the fair value of its assets and liabilities less estimated costs to sell have been recorded as held for sale in our consolidated balance sheet and the net income is presented as income from discontinued operations on our consolidated statements of income at December 31, 2009. For the year ended December 31, 2009, the Pembina Area Landfill recorded $3.1 million of revenues which are included in the calculation of income from discontinued operations.

Income Taxes

Our effective tax rate for fiscal years 2009, 2008, and 2007 was 42%, 39% and 39%, respectively. Our tax rate is affected by recurring items, such as tax rates in Canada and the relative amount of income we earn in Canada, which will change due to the acquisition of Eveready. In addition, the interest and penalties accrual for uncertain tax positions has a material impact on our rate. The rate is also affected by discrete items that may occur in any given year, but are not consistent from year to year. In addition to state income taxes, the following items had the most significant impact on the change in our U.S. federal income tax rate:

2009

- A $4.2 million (6.6%) reduction resulting from rate differences between Canada and the U.S.
- A $3.5 million (5.5%) increase resulting from the annual calculation of accrued interest and penalties for uncertain tax positions.
- A $1.9 million (3.0%) increase resulting from non-deductible transaction costs relating to the 2009 acquisitions.

2008

- A $4.8 million (5.1%) increase resulting from the annual calculation of accrued interest and penalties for uncertain tax positions.
- A $4.5 million (4.8%) reduction resulting from rate differences between Canada and the U.S.
- A $1.1 million (1.2%) reduction resulting from the release of interest and penalties of a Canadian tax reserve for which the statute expired.
- A $1.0 million (1.1%) reduction resulting from a change in state deferred taxes.

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2007

- A \$5.5 million (7.6%) increase resulting from annual calculation of interest and penalties for uncertain tax positions.

- A \$4.4 million (6.2%) reduction resulting from rate differences between Canada and the U.S.

- A \$1.9 million (2.7%) decrease resulting from an adjustment to prior year tax attributes.

- A \$0.8 million (1.0%) increase resulting from net Canadian withholding expense on interest payments.

Income tax expense (including taxes on income from discontinued operations) for the year ended December 31, 2009 decreased \$9.7 million to \$26.8 million from \$36.5 million for the comparable period in 2008, while income tax expense for the year ended December 31, 2008 increased \$8.5 million to \$36.5 million from \$28.0 million for the comparable period in 2007. The change in income tax expense between years resulted primarily from changes in earnings.

A valuation allowance is required to be established when, based on an evaluation of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Accordingly, as of December 31, 2009, we had a remaining valuation allowance of approximately \$11.2 million. The allowance consists of \$9.2 million of foreign tax credits, \$0.9 million of state net operating loss carryforwards and \$1.1 million of foreign net operating loss carryforwards. As of December 31, 2008, we had a remaining valuation allowance of approximately \$10.8 million. The allowance consisted of \$8.9 million of foreign tax credits and \$1.9 million of state net operating loss carryforwards.

Management's policy is to recognize interest and penalties related to income tax matters as a component of income tax expense. The liability for unrecognized tax benefits as of December 31, 2009 and 2008 included accrued interest and penalties of \$28.0 million and \$22.2 million, respectively. Tax expense for the years ended December 31, 2009, 2008 and 2007 included interest and penalties, net of federal benefit, of \$3.5 million, \$4.3 million and \$5.5 million, respectively.

In December 2007, the FASB issued ASC 805, *Business Combinations* ("ASC 805"), which was effective for financial statements issued for fiscal years beginning after December 15, 2008. Under the provisions of ASC 805, the future reversal of acquisition-related tax reserves of approximately \$10.9 million as of December 31, 2009 will be recorded in earnings, rather than as an adjustment to goodwill or acquisition related other intangible assets. If recognized, this will affect the annual effective income tax rate.

Liquidity and Capital Resources

Highlights:

- In February 2009, we acquired EnviroSORT Inc. for a purchase price of \$9.6 million, including the assumption of \$2.5 million of debt, which we paid off on the acquisition date.

- On July 24, 2009, we repaid our then outstanding \$30.0 million term note.

- On July 31, 2009, we discharged our then outstanding \$23.0 million of senior secured notes (plus a prepayment premium of \$0.7 million and accrued interest of \$0.3 million as of the scheduled redemption date of August 31, 2009). We also paid the \$56 million cash portion of the purchase price for our acquisition of Eveready and repaid Eveready's \$47.1 million of then outstanding convertible notes.

- On August 14, 2009, we issued \$300 million aggregate principal amount of $7^5/_8$% senior secured notes due 2016 (the "notes") and used approximately \$175.0 million of the net proceeds to

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repay all amounts outstanding under Eveready's then existing credit facility and certain capital leases and to pay related fees, expenses and other costs. The Eveready credit facility was terminated in connection with the repayment of all amounts outstanding thereunder.

We intend to use our remaining existing cash and cash equivalents, marketable securities and cash flow from operations to provide for our working capital needs and to fund capital expenditures. We anticipate that our cash flow provided by operating activities will provide the necessary funds on both a short- and long-term basis to meet operating cash requirements.

We had accrued environmental liabilities as of December 31, 2009 of approximately $181.3 million, substantially all of which we assumed in connection with our acquisition of the CSD assets in September 2002, Teris LLC in 2006, and one of the two solvent recycling facilities we purchased from Safety-Kleen Systems, Inc. in 2008. This amount excludes an additional $3.0 million of environmental liabilities related to the Pembina Area Landfill which we have agreed to divest, and which are recorded as liabilities held for sale. We anticipate our environmental liabilities will be payable over many years and that cash flow from operations will generally be sufficient to fund the payment of such liabilities when required. However, events not anticipated (such as future changes in environmental laws and regulations) could require that such payments be made earlier or in greater amounts than currently anticipated, which could adversely affect our results of operations, cash flow and financial condition.

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing, and financing activities. Our primary ongoing cash requirements will be to fund operations, capital expenditures, interest payments and investments in line with our business strategy. We believe our future operating cash flows will be sufficient to meet our future operating and investing cash needs. Furthermore, the existing cash balances and the availability of additional borrowings under our revolving credit facility provide additional potential sources of liquidity should they be required.

Cash Flows for 2009

Cash from operating activities for the year ended December 31, 2009 was $93.3 million, a decrease of 14.9%, or $16.3 million, compared with cash from operating activities for the year ended December 31, 2008. The decrease was primarily the result of a reduction in income from operations.

Cash used for investing activities for the year ended December 31, 2009 was $118.4 million, an increase of 40.1%, or $33.9 million, compared with cash used for investing activities for the year ended December 31, 2008. The increase resulted primarily from higher year-over-year costs associated with acquisitions.

Cash from financing activities for the year ended December 31, 2009 was $3.6 million, compared to cash used for financing activities of $116.8 million for the year ended December 31, 2008. The change was primarily the result of net proceeds of $173.5 million from the issuance of 2.875 million shares of common stock in April 2008 and the net proceeds of $292.1 million from the August 2009 issuance of senior secured notes offset by the payment on debt acquired related to the 2009 acquisitions of EnviroSORT and Eveready.

Cash Flows for 2008

Cash from operating activities for the year ended December 31, 2008 was $109.6 million, an increase of 37.0%, or $29.6 million, compared with cash from operating activities for the year ended December 31, 2007. The increase was primarily the result of price increases, new business generated from acquisitions and stronger performance within the transportation and disposal business lines in the Technical Services segment.

Cash used for investing activities for the year ended December 31, 2008 was $84.5 million, an increase of 97.5%, or $41.7 million, compared with cash used for investing activities for the year ended

December 31, 2007. The increase was primarily the result of acquisition costs and an increase in capital expenditures, partially offset by the sale of marketable securities.

Cash from financing activities for the year ended December 31, 2008 was $116.8 million, an increase of $114.1 million, compared to cash used for financing activities for the year ended December 31, 2007. The increase was primarily the result of proceeds from the issuance of common stock, partially offset by the redemption and purchase of $50 million and $18.5 million principal amounts of outstanding senior secured notes.

Financing Arrangements

The following summarizes our principal financing activities during the year ended December 31, 2009:

- July 24, 2009: we repaid our then outstanding $30.0 million term loan due in 2010;

- July 31, 2009: we discharged our $23.0 million of then outstanding senior secured notes by calling such notes for redemption on August 31, 2009 and depositing with the trustee the redemption price of $23.7 million and accrued interest of $0.3 million through the redemption date;

- July 31, 2009: we amended our previous $70.0 million revolving credit facility and $50.0 million synthetic letter of credit facility with a new $120 million revolving credit facility (described below);

- July 31, 2009: we assumed all of Eveready's then outstanding debt;

- July 31, 2009: we repaid $47.1 million of Eveready's then outstanding convertible subordinated debentures which was at 101% principal plus accrued interest of $0.3 million; and

- August 14, 2009: we issued $300 million principal amount of $7^5/_8$% senior secured notes due 2016 for net proceeds of $292.1 million. We used approximately $175.0 million of the net proceeds to repay all amounts outstanding under Eveready's then existing credit facility and certain capital leases and to pay certain related fees, expenses and other costs. The Eveready credit facility was terminated in connection with the repayment of all amounts outstanding thereunder.

The financing arrangements, debt covenants and principal terms of the $300 million principal amount of senior secured notes and the $120 million revolving credit facility are discussed further in Note 10, "Financing Arrangements," to our financial statements included in Item 8 of this report. As of December 31, 2009, we were in compliance with the covenants of all our debt agreements.

Liquidity Impacts of Uncertain Tax Positions

As discussed in Note 13, "Income Taxes," to our financial statements included in Item 8 of this report, we have recorded $76.2 million of unrecognized tax benefits, including $21.9 million of potential interest and $6.1 million of potential penalties. These liabilities are classified as "unrecognized tax benefits and other long-term liabilities" in our consolidated balance sheets. We are not able to reasonably estimate when we would make any cash payments to settle these liabilities. However, we believe no material cash payments will be required in the next 12 months.

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Contractual Obligations

The following table has been included to assist the reader in analyzing our debt and similar obligations as of December 31, 2009 and our ability to meet such obligations (in thousands):

		Payments Due by Period			
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Closure, post-closure and remedial liabilities	$ 431,196	$ 18,766	$ 38,316	$ 29,114	$ 345,000
Pension funding	3,597	264	565	653	2,115
Long-term debt	292,433				292,433
Interest on long-term obligations	135,227	22,332	44,884	45,221	22,790
Capital leases	10,261	2,524	4,136	3,429	172
Operating leases	125,281	33,801	44,286	20,723	26,471
Total contractual obligations	$ 997,995	$ 77,687	$ 132,187	$ 99,140	$ 688,981

As we are not able to reasonably estimate when we would make any cash payments to settle uncertain tax position liabilities of $48.2 million, such amounts have not been included in the table above. In addition, we have recorded a liability for interest of $21.9 million and potential penalties of $6.1 million relating to such uncertain tax positions which amounts have also not been included in the table above.

The undiscounted value of closure, post closure and remedial liabilities of $431.2 million is equivalent to the present value of $181.3 million based on discounting of $169.4 million and the remainder of $80.5 million to be accrued for closure and post-closure liabilities over the remaining site lives.

The following table has been included to assist the reader in understanding other contractual obligations we had as of December 31, 2009 and our ability to meet these obligations (in thousands):

		Payments Due by Period			
Other Commercial Commitments	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Standby letters of credit	$ 88,653	$ 88,653	$	$	$

We obtained substantially all of the standby letters of credit described in the above table as security for financial assurance obligations which we have been required to provide to regulatory bodies for our hazardous waste facilities and which would be called only in the event that we fail to satisfy closure, post-closure and other obligations under the permits issued by those regulatory bodies for such licensed facilities. See Note 10, "Financing Arrangements," to our financial statements included in Item 8 of this report for further discussion of our financing arrangements.

Off-Balance Sheet Arrangements

Except for our obligations under operating leases and letters of credit described above under "Contractual Obligations" and performance obligations incurred in the ordinary course of business, we are not now party to any off-balance sheet arrangements involving guarantee, contingency or similar obligations to entities whose financial statements are not consolidated with our results and that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that would be material to investors in our securities.

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Capital Expenditures

We now anticipate that 2010 capital spending will be between $60.0 million and $65.0 million, of which approximately $3.0 million will relate to complying with environmental regulations. However, changes in environmental regulations could require us to make significant capital expenditures for our facilities and adversely affect our results of operations and cash flow.

Auction Rate Securities

As of December 31, 2009, our long-term investments included $6.5 million of available for sale auction rate securities. With the liquidity issues experienced in global credit and capital markets, these auction rate securities have experienced multiple failed auctions and as a result are currently not liquid. The auction rate securities are secured by student loans substantially insured by the Federal Family Education Loan Program, maintain the highest credit rating of AAA, and continue to pay interest according to their stated terms with interest rates resetting generally every 28 days.

We believe we have sufficient liquidity to fund operations and do not plan to sell our auction rate securities in the foreseeable future. In the unlikely event that we need to access the funds that are in an illiquid state, we may not be able to do so without a possible loss of principal until a future auction for these investments is successful, another secondary market evolves for these securities, they are redeemed by the issuer, or they mature. If we were unable to sell these securities in the market or they were not redeemed, we could be required to hold them to maturity. These securities are currently reflected at their fair value utilizing a discounted cash flow analysis or significant other observable inputs. As of December 31, 2009, we have recorded an unrealized pre-tax loss of $0.5 million, which we assess as temporary. We will continue to monitor and evaluate these investments on an ongoing basis for other than temporary impairment and record a charge to earnings if and when appropriate.

Stockholder Matters

As described in Note 3, "Business Combinations," to our financial statements included in Item 8 of this report, we acquired Eveready on July 31, 2009 and, as a portion of the consideration, we issued to the former Eveready shareholders $118.4 million in our common stock consisting of 2.4 million shares valued at $49.50 per Clean Harbors share (the closing price on the New York Stock Exchange on the day prior to the acquisition).

On March 18, 2009, July 31, 2009 and September 18, 2009, the Compensation Committee of our Board of Directors granted a total of 68,251 performance share awards that are subject to achieving predetermined revenue and EBITDA margin goals by December 31, 2010 and also include continued service conditions. If we do not achieve the performance goals by the end of 2010, the shares will be forfeited in their entirety. As of December 31, 2009, management continued to believe that it was not then probable that the performance targets would be achieved and therefore recorded no related compensation expense for the year ended December 31, 2009.

On May 15, 2008 and September 23, 2008, the compensation committee of the Board of Directors granted a total of 92,936 performance share awards that were subject to achieving predetermined revenue and EBITDA margin targets by December 31, 2009 and also included continued service conditions. As of December 31, 2009, the performance targets related to the 2008 performance stock awards were not met and therefore the performance stock awards granted in 2008 were forfeited. Any previously recognized compensation cost was reversed in the second quarter when management concluded that it was not then probable that the performance targets would be achieved.

In July 2008, warrants for an aggregate of 150,000 shares were exercised for $1.2 million in cash. In October 2008, warrants for an aggregate of 198,690 shares were exercised for $1.6 million in cash. No warrants remained outstanding at December 31, 2008.

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On April 29, 2008, we issued 2.875 million shares of common stock, including 375,000 shares of common stock issued upon exercise of an underwriters' option, at a public offering price of $63.75 per share. After the underwriter discount and offering expenses, we received net proceeds of $173.5 million.

On March 15, 2008, 13,100 performance share awards that were granted in 2007 vested, leaving 34,474 of such performance share awards outstanding at December 31, 2008. For the year ended December 31, 2008, we believed that it was probable that the performance targets for the remaining 2007 awards would be achieved.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET

In the normal course of business, we are exposed to market risks, including changes in interest rates, certain commodity prices, and certain foreign currency rates, primarily the Canadian dollar. Our philosophy in managing interest rate risk is to borrow at fixed rates for longer time horizons to finance non-current assets and to borrow (to the extent, if any, required) at variable rates for working capital and other short-term needs. We therefore have not entered into derivative or hedging transactions, nor have we entered into transactions to finance off-balance sheet debt. The following table provides information regarding our fixed rate borrowings at December 31, 2009 (in thousands):

Scheduled Maturity Dates	2010	2011	2012	2013	2014	Thereafter	Total
Senior secured notes	$	$	$	$	$	$ 292,433	$ 292,433
Capital lease obligations	1,923	1,797	1,729	1,811	1,408	170	8,838
	$ 1,923	$ 1,797	$ 1,729	$ 1,811	$ 1,408	$ 292,603	$ 301,271
Weighted average interest rate on fixed rate borrowings	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	

In addition to the fixed rate borrowings described in the above table, we had at December 31, 2009 variable rate instruments that included a revolving credit facility with maximum borrowings of up to $120 million (with a $110.0 million sub-limit for letters of credit).

We view our investment in our foreign subsidiaries as long-term; thus, we have not entered into any hedging transactions between any two foreign currencies or between any of the foreign currencies and the U.S. dollar. During 2009, the Canadian subsidiaries transacted approximately 11.3% of their business in U.S. dollars and at any period end have cash on deposit in U.S. dollars and outstanding U.S. dollar accounts receivable related to these transactions. These cash and receivable accounts are vulnerable to foreign currency translation gains or losses. Exchange rate movements also affect the translation of Canadian generated profits and losses into U.S. dollars. In March 2009, we significantly reduced the U.S. cash balance held by our Canadian subsidiaries and as a result, significantly reduced our foreign exchange exposure. Had the Canadian dollar been 10.0% stronger against the U.S. dollar, we would have reported decreased net income of $0.2 million and decreased net income of $0.8 million for the years ended December 31, 2009 and 2008, respectively. Had the Canadian dollar been 10.0% weaker against the U.S. dollar, we would have reported increased net income of $0.2 million and increased net income of $0.8 million for the years ended December 31, 2009 and 2008, respectively.

At December 31, 2009, $6.5 million of our noncurrent investments were auction rate securities. While we are uncertain as to when the liquidity issues relating to these investments will improve, we believe these issues will not materially impact our ability to fund our working capital needs, capital expenditures, or other business requirements.

We are subject to minimal market risk arising from purchases of commodities since no significant amount of commodities are used in the treatment of hazardous waste or providing energy and industrial services.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Clean Harbors, Inc.
Norwell, Massachusetts

We have audited the accompanying consolidated balance sheets of Clean Harbors, Inc. and subsidiaries (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Clean Harbors, Inc. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for tax contingencies on January 1, 2007.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2010 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
March 1, 2010

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

(dollars in thousands)

	As of December 31, 2009	As of December 31, 2008
Current assets:		
Cash and cash equivalents	$ 233,546	$ 249,524
Marketable securities	2,072	175
Accounts receivable, net of allowances aggregating $8,255 and $6,723, respectively	274,918	174,990
Unbilled accounts receivable	12,331	5,545
Deferred costs	5,192	5,877
Prepaid expenses and other current assets	18,348	13,472
Supplies inventories	41,417	26,905
Deferred tax assets	18,865	12,564
Assets held for sale	13,561	
Total current assets	620,250	489,052
Property, plant and equipment:		
Land	29,294	26,399
Asset retirement costs (non-landfill)	1,853	1,761
Landfill assets	48,646	35,062
Buildings and improvements	141,685	127,466
Camp equipment	52,753	
Vehicles	120,587	33,502
Equipment	492,831	310,459
Furniture and fixtures	1,695	1,663
Construction in progress	14,413	13,206
	903,757	549,518
Less accumulated depreciation and amortization	313,813	254,057
Total property, plant and equipment	589,944	295,461
Other assets:		
Long-term investments	6,503	6,237
Deferred financing costs	10,156	3,044
Goodwill	56,085	24,578
Permits and other intangibles, net of accumulated amortization of $48,981 and $40,303, respectively	114,188	71,754
Deferred tax assets		5,454
Other	3,942	2,756
Total other assets	190,874	113,823
Total assets	$ 1,401,068	$ 898,336

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

(dollars in thousands)

	As of December 31, 2009	As of December 31, 2008
Current liabilities:		
Current portion of capital lease obligations	$ 1,923	$ 400
Accounts payable	97,923	71,618
Deferred revenue	21,156	24,190
Accrued expenses	90,707	67,901
Current portion of closure, post-closure and remedial liabilities	18,412	17,264
Liabilities held for sale	3,199	
Total current liabilities	233,320	181,373
Other liabilities:		
Closure and post-closure liabilities, less current portion of $7,305 and $6,383, respectively	28,505	26,254
Remedial liabilities, less current portion of $11,107 and $10,881, respectively	134,379	135,007
Long-term obligations	292,433	52,870
Capital lease obligations, less current portion	6,915	360
Unrecognized tax benefits and other long-term liabilities	91,691	73,427
Total other liabilities	553,923	287,918
Commitments and contingent liabilities		
Stockholders' equity:		
Common stock, $.01 par value:		
Authorized 40,000,000 shares; issued and outstanding 26,230,803 and 23,733,257 shares, respectively	262	237
Treasury stock	(2,068)	(1,653)
Shares held under employee participation plan	(1,150)	
Additional paid-in capital	476,067	353,950
Accumulated other comprehensive income (loss)	26,829	(688)
Accumulated earnings	113,885	77,199
Total stockholders' equity	613,825	429,045
Total liabilities and stockholders' equity	$ 1,401,068	$ 898,336

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(in thousands except per share amounts)

	For the years ended December 31,		
	2009	**2008**	**2007**
Revenues	$ 1,074,220	$ 1,030,713	$ 946,917
Cost of revenues (exclusive of items shown separately below)	753,483	707,820	664,440
Selling, general and administrative expenses	163,157	159,674	149,180
Accretion of environmental liabilities	10,617	10,776	10,447
Depreciation and amortization	64,898	44,471	37,590
Income from operations	82,065	107,972	85,260
Other income (expense)	259	(119)	135
Loss on early extinguishment of debt	(4,853)	(5,473)	
Interest expense, net of interest income of $825, $5,094, and $4,023, respectively	(15,999)	(8,403)	(13,157)
Income from continuing operations before provision for income taxes	61,472	93,977	72,238
Provision for income taxes	26,225	36,491	28,040
Income from continuing operations	35,247	57,486	44,198
Income from discontinued operations, net of tax	1,439		
Net income	36,686	57,486	44,198
Dividends on Series B preferred stock			206
Net income attributable to common stockholders	$ 36,686	$ 57,486	$ 43,992
Earnings per share:			
Basic income attributable to common stockholders	$ 1.48	$ 2.56	$ 2.22
Diluted income attributable to common stockholders	$ 1.47	$ 2.51	$ 2.14
Weighted average common shares outstanding	24,817	22,465	19,827
Weighted average common shares outstanding plus potentially dilutive common shares	24,933	22,866	20,630

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	For the years ended December 31, 2009	2008	2007
Cash flows from operating activities:			
Net income	$ 36,686	$ 57,486	$ 44,198
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	64,898	44,471	37,590
Allowance for doubtful accounts	1,006	267	(418)
Amortization of deferred financing costs and debt discount	1,997	1,915	1,940
Accretion of environmental liabilities	10,617	10,776	10,447
Changes in environmental liability estimates	(4,657)	(2,047)	597
Deferred income taxes	4,830	3,197	(7,492)
Other (income) expense	(259)	119	(135)
Stock-based compensation	968	3,565	4,799
Excess tax benefit of stock-based compensation	(481)	(3,504)	(6,386)
Income tax benefit related to stock option exercises	474	3,534	6,427
Write-off of deferred financing costs and debt discount	1,851	1,921	
Environmental expenditures	(8,617)	(14,268)	(6,511)
Changes in assets and liabilities:			
Accounts receivable	(11,429)	17,221	(19,142)
Other current assets	1,093	5,529	(2,693)
Accounts payable	5,050	(17,763)	(4,603)