

STERICYCLE INC  
Form DEF 14A  
April 13, 2011  
Table of Contents

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**STERICYCLE**  
(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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Table of Contents

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**NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD ON MAY 24, 2011**

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Dear Stockholder:

You are cordially invited to attend our 2011 Annual Meeting of Stockholders (the Annual Meeting ) to be held on Tuesday, May 24, 2011 at 11:00 a.m. Chicago time, at the DoubleTree Hotel Chicago O'Hare Airport-Rosemont, 5460 North River Road, Rosemont, Illinois 60018.

At the Annual Meeting, you will be asked to consider and vote on the following matters:

the election to the Board of the nine nominees for director named in this proxy statement,

approval of our 2011 Incentive Stock Plan, under which stock options, stock appreciation rights, shares of restricted stock and restricted stock units may be awarded for up to a total of 3,000,000 shares of our common stock,

ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011,

a non-binding advisory resolution to approve the compensation of our named executive officers as disclosed in this proxy statement (sometimes referred to as the say-on-pay vote),

a non-binding advisory resolution to recommend the frequency of a say-on-pay vote (every one, two or three years), and

any other matter that properly comes before the meeting.

Only stockholders of record at the close of business on the record date of March 25, 2011 are entitled to vote at the Annual Meeting.

Admission to the Annual Meeting is by an admissions card. If you plan to attend the meeting in person, please complete and return the Admission Request Form on the back cover of this proxy statement and an admissions card will be mailed to you. If you are the beneficial owner of shares held in street name, you must also provide confirmation of your stock ownership with your Admission Request Form. All Admission Request Forms must be received by May 17, 2011. An admissions card is not transferable. If you need directions to the meeting, please call

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Investor Relations at (800) 643-0240 ext. 2012.

For the convenience of our stockholders of record who do not plan to attend the Annual Meeting in person but who want their shares voted, we have enclosed a proxy card. If you do not plan to attend the Annual Meeting, please complete and return the proxy card in the envelope provided. If you return your proxy card and later decide to attend the Annual Meeting in person, or if for any other reason you want to revoke your proxy, you may do so at any time before your proxy is voted.

For the Board of Directors

**Mark C. Miller**  
Chairman of the Board and Chief Executive Officer

**Jack W. Schuler**  
Lead Director

April 13, 2011

Lake Forest, Illinois

**Table of Contents****Table of Contents**

<u>GENERAL INFORMATION</u>	1
<u>STOCK OWNERSHIP</u>	6
<u>Stock Ownership by Directors and Officers</u>	6
<u>Stock Ownership of Certain Stockholders</u>	7
<u>Item 1 ELECTION OF DIRECTORS</u>	8
<u>Voting in Uncontested Director Elections</u>	8
<u>Nominees for Director</u>	8
<u>Director Qualifications</u>	10
<u>Committees of the Board</u>	10
<u>Compensation Committee</u>	11
<u>Audit Committee</u>	11
<u>Nominating and Governance Committee</u>	11
<u>Committee Charters</u>	11
<u>Committee Members and Meetings</u>	12
<u>Lead Director</u>	12
<u>Corporate Governance</u>	13
<u>Executive Sessions of the Board</u>	13
<u>Board Evaluation</u>	13
<u>Policy on Related Party Transactions</u>	13
<u>Succession Planning</u>	13
<u>Required Resignation on Change in Job Responsibilities</u>	13
<u>Communications with the Board</u>	14
<u>AUDIT COMMITTEE REPORT</u>	15
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	16
<u>Overview</u>	16
<u>Compensation Decisions</u>	18
<u>Base Salaries</u>	19
<u>Performance Bonuses</u>	19
<u>Stock Options</u>	19
<u>Bonus Conversion Program</u>	19
<u>Employee Stock Purchase Plan</u>	20
<u>401(k) Plan</u>	20
<u>Retirement Plans and Deferred Compensation Arrangements</u>	20
<u>Retiree Medical Benefits</u>	20
<u>Perquisites and Personal Benefits</u>	20
<u>Employment Agreements</u>	20
<u>Termination and Change-in-Control Payments</u>	21
<u>Stock Ownership Requirements</u>	21
<u>COMPENSATION COMMITTEE REPORT</u>	21
<u>SUMMARY COMPENSATION TABLE</u>	22
<u>GRANTS OF PLAN-BASED AWARDS</u>	24
<u>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END</u>	25
<u>OPTION EXERCISES AND STOCK VESTED</u>	26

**Table of Contents**

<u>DIRECTOR COMPENSATION</u>	26
<u>Compensation in 2010</u>	27
<u>Outside Directors Compensation Plan</u>	27
<u>Stock Ownership Requirements</u>	27
<u>Meeting and Other Fees</u>	28
<u>Option Grants to New Directors</u>	28
<u>Item 2 APPROVAL OF 2011 INCENTIVE STOCK PLAN</u>	29
<u>Introduction</u>	29
<u>Summary of Principal Terms</u>	29
<u>Federal Income Tax Consequences</u>	32
<u>Item 3 RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTING FIRM</u>	35
<u>Audit Fees</u>	35
<u>Audit-Related Fees</u>	35
<u>Tax Fees</u>	35
<u>All Other Fees</u>	35
<u>Item 4 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	36
<u>Item 5 ADVISORY VOTE ON THE FREQUENCY OF THE ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	37
<u>OTHER MATTERS</u>	38
<u>STOCKHOLDER PROPOSALS FOR THE 2012 ANNUAL MEETING</u>	38
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	38
<u>ADDITIONAL INFORMATION</u>	38
<u>EXHIBIT A (Stericycle, Inc. 2011 Incentive Stock Plan)</u>	A-1

**Table of Contents**

**28161 North Keith Drive**

**Lake Forest, Illinois 60045**

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**PROXY STATEMENT**

**2011 Annual Meeting of Stockholders**

**To Be Held on May 24, 2011**

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In this Proxy Statement, we, us, our and the Company all refer to Stericycle, Inc.

**GENERAL INFORMATION**

**Why did I receive this proxy statement and other materials?**

The Board of Directors of Stericycle, Inc. is soliciting proxies to vote shares of our stock at the 2011 Annual Meeting of Stockholders (the Annual Meeting ) to be held on Tuesday, May 24, 2011 at 11:00 a.m. Chicago time, at the DoubleTree Hotel Chicago O'Hare Airport-Rosemont, 5460 North River Road, Rosemont, Illinois 60018.

This proxy statement and our annual report to stockholders (which includes a copy of our Annual Report on Form 10-K for the year ended December 31, 2010), were first made available to stockholders on April 13, 2011. Although both are made available together, our annual report to stockholders is not part of this proxy statement.

**What will stockholders vote on at the Annual Meeting?**

Stockholders will vote on following matters at the Annual Meeting:



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the election to the Board of the nine nominees for director named in this proxy statement (Item 1),

approval of our 2011 Incentive Stock Plan, under which stock options, stock appreciation rights, shares of restricted stock and restricted stock units may be awarded for up to a total of 3,000,000 shares of our common stock (Item 2)

ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011 (Item 3),

a non-binding advisory resolution to approve the compensation of our named executive officers as disclosed in this proxy statement (sometimes referred to as the "say-on-pay" vote) (Item 4),

a non-binding advisory resolution to recommend the frequency of a say-on-pay vote (every one, two or three years) (Item 5), and

any other matter that properly comes before the meeting.

### **What are the Board's voting recommendations?**

The Board recommends that you vote your shares:

**FOR** each of the nine nominees for election to the Board (Item 1),

**FOR** approval of our 2011 Incentive Stock Plan (Item 2),

**FOR** ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011 (Item 3),

**Table of Contents**

**FOR** the resolution to approve the compensation of our named executive officers as disclosed in this proxy statement (Item 4), and

**FOR EVERY THREE YEARS** as the frequency recommended by the resolution to recommend the frequency of a say-on-pay vote (Item 5).

**Who may vote at the Annual Meeting?**

Only stockholders of record as of the close of business on March 25, 2011 are entitled to vote at the Annual Meeting. Each outstanding share of common stock as of the record date is entitled to one vote on all matters that come before the meeting. There is no cumulative voting.

As of the record date of March 25, 2011, there were 85,678,621 shares of our common stock issued and outstanding.

**Why did I receive only a one-page notice in the mail regarding the Internet availability of proxy materials instead of receiving a full set of printed proxy materials?**

In accordance with the notice and access rules of the U.S. Securities and Exchange Commission ( SEC ), we have elected to provide access to our proxy materials, including this proxy statement and our annual report to stockholders, over the Internet and mailed our stockholders a Notice of Internet Availability of Proxy Materials on or about April 13, 2011. This notice contains instructions how to access our proxy materials over the Internet, how to request a printed or electronic copy of these materials and how to vote by Internet, telephone or mail.

The Notice of Internet Availability of Proxy Materials is not a proxy card and cannot be used to vote your shares.

**What is the difference between a stockholder of record and a beneficial owner of shares held in street name?**

If your shares are registered directly in your name with our stock registrar and transfer agent, Wells Fargo Shareowner Services, you are considered the stockholder of record for those shares and have the right to vote those shares directly. You may vote in person at the Annual Meeting or by proxy.

If your shares are held in an account at a brokerage firm, bank or other nominee (for convenient reference, a broker ), you are considered the beneficial owner of those shares, which are said to be held in street name, and the broker is considered the stockholder of record for voting purposes. As the beneficial owner you cannot vote the shares in your account directly, but you have the right to instruct the broker how to vote them.

As a beneficial owner, you are invited to attend the Annual Meeting, but because you are not a stockholder of record, you may not vote your shares at the Annual Meeting unless you obtain a valid proxy from your broker.

**If I am a stockholder of record, how do I vote?**

You may vote in several ways. You may vote in person at the Annual Meeting, or you may vote by proxy over the Internet or by telephone by following the instructions provided in the Notice of Internet Availability of Proxy Materials.

In addition, if you request copies of our proxy materials in printed form, you may vote by completing and signing the proxy card included in the materials and returning it in the postage-paid envelope provided.

**If I am a beneficial owner of shares held in street name, how do I instruct my broker how to vote?**

If you are a beneficial owner of our stock, the Notice of Internet Availability of Proxy Materials was forwarded to you by your broker. You may instruct your broker how to vote over the Internet or by telephone by following the instructions provided in the Notice.

## **Table of Contents**

In addition, if you request copies of our proxy materials in printed form, you may instruct your broker how to vote by completing and signing the voting instruction card included in the materials and returning it in the postage-paid envelope provided.

### **What happens if I am a stockholder of record and sign and return the proxy card but do not make any voting choices?**

The proxy holders (the persons named as proxies) will vote your shares in accordance with the Board's voting recommendations for Items 1, 2, 3, 4 and 5. See "What are the Board's voting recommendations?" above.

We do not expect that any other matters will properly come before the Annual Meeting. If, however, any other matters do come before the meeting, the proxy holders will vote your shares in accordance with their judgment.

### **What happens if I am a beneficial owner of shares held in street name and do not give voting instructions to my broker?**

Under the stock exchange and other rules governing brokers who are voting shares held in street name, brokers have authority to vote those shares in their discretion on routine matters but may not vote those shares on non-routine matters.

A broker non-vote occurs when your broker returns a proxy card for your shares held in street name but does not vote on a particular matter because (i) the broker has not received voting instructions from you and (ii) the broker does not have authority to vote on the matter without instructions because the matter is of a non-routine nature.

### **Which items to be voted on at the Annual Meeting are routine and which are non-routine ?**

The ratification of the appointment of our independent registered public accounting firm (Item 3) is considered a routine matter under the relevant rules. All of the other items to be voted on (Items 1, 2, 4 and 5) are considered non-routine matters.

### **What is the quorum required for the Annual Meeting?**

Holders of a majority of our outstanding shares entitled to vote at the Annual Meeting who are present in person or represented by proxy will constitute a quorum to conduct business at the meeting.

If you are a stockholder of record and vote your shares by proxy, your shares will be counted for purposes of determining whether a quorum is present even if your voting choice is to abstain. Similarly, if you are a beneficial owner of shares held in street name and do not give voting instructions to your broker, your shares will be counted for purposes of determining whether a quorum is present if your broker votes your shares

on any routine matter.

**What are my choices in voting on the matters to be voted on at the Annual Meeting?**

On Item 1 (the election of directors), you may vote For or Against each individual nominee or Abstain from voting on the nominee s election.

On Item 2 (approval of our 2011 Incentive Stock Plan), Item 3 (ratification of the appointment of our independent registered public accounting firm) and Item 4 (the say-on-pay vote), you may vote For or Against the proposal or Abstain from voting on the proposal.

On Item 5 (the frequency of a say-on-pay vote), you may vote for Every Year, Every Two Years or Every Three Years, or you may Abstain from voting on the proposal.

## **Table of Contents**

### **What are the voting requirements to approve the matters to be voted on at the Annual Meeting?**

Item 1 (election of directors): Each nominee for election as a director must receive more For votes than Against votes in order to be elected as a director. Abstentions and broker non-votes will not have any effect on the voting.

Item 2 (approval of our 2011 Incentive Stock Plan): This proposal requires for approval the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote. Abstentions and broker non-votes will have the same effect as a vote Against.

Item 3 (ratification of the appointment of our independent registered public accounting firm): This proposal requires for approval the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote. Abstentions and broker non-votes will have the same effect as a vote Against.

Item 4 (the say-on-pay vote): This proposal requires for approval the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote. Abstentions and broker non-votes will have the same effect as a vote Against.

Item 5 (the frequency of a say-on-pay vote): The frequency recommended under this proposal will be the frequency with the highest number of votes cast by stockholders present in person or represented by proxy, entitled to vote and voting. Abstentions and broker non-votes will not have any effect on the voting.

### **Can I change my vote after I have voted?**

If you are a stockholder of record, you may change your vote by voting again over the Internet or by telephone (before those voting facilities are closed at 11:59 p.m. Eastern time on May 23, 2011) or by returning a new, properly completed proxy card bearing a later date than the date of your original proxy card. In addition, you may revoke your proxy by attending the Annual Meeting in person and requesting to vote. Attendance at the meeting in person will not, by itself, revoke your proxy. You may also revoke your proxy any time before the final vote at the Annual Meeting by filing a signed notice of revocation with the Secretary of the Company at 28161 North Keith Drive, Lake Forest, Illinois 60045.

If you are a beneficial owner of shares held in street name, you may submit new voting instructions to your broker over the Internet or by telephone (before those voting facilities are closed at 11:59 p.m. Eastern time on May 23, 2011).

### **How can I find out the voting results of the Annual Meeting?**

The preliminary voting results will be announced at the Annual Meeting. The final voting results will be tallied by the inspector of elections and reported in a current report on Form 8-K which we will file with the SEC within four business days following the Annual Meeting.

### **Who is paying for the cost of this proxy solicitation?**

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We will bear the cost of this proxy solicitation. Some of our officers and employees may solicit proxies by personal conversations, telephone, regular mail or email telephone, but they will not receive any additional compensation for doing so. We will reimburse brokers and others for their reasonable charges and expenses in forwarding our proxy materials to stockholders who are beneficial owners of shares of our stock.

### **How can I attend the Annual Meeting?**

We encourage our stockholders to attend the Annual Meeting. Admission to the meeting is by an admissions card. If you plan to attend the meeting in person, please complete and return the Admission Request Form on the

**Table of Contents**

back cover of this proxy statement and an admissions card will be mailed to you. If you are the beneficial owner of shares held in street name, you must also provide confirmation of your stock ownership with your Admission Request Form (for example, by providing a copy of a brokerage firm statement).

All Admission Request Forms must be received by May 17, 2011. An admissions card is not transferable and will admit only the stockholder or stockholders to whom it was issued. If you need directions to the meeting, please call Investor Relations at (800) 643-0240 ext. 2012.



**Table of Contents****STOCK OWNERSHIP****Stock Ownership by Directors and Officers**

The following table provides information about the beneficial ownership of shares of our common stock as of March 25, 2011 by (1) each of our directors, (2) each of our executive officers listed in the Summary Compensation Table on page 21 and (3) all of our directors and executive officers as a group:

	<u>Amount and Nature of Beneficial Ownership(1)</u>	<u>Percent of Class(2)</u>
<b>Directors (and nominees)</b>		
Mark C. Miller(3)(4)	1,549,001	1.8%
Jack W. Schuler(3)	2,239,324	2.6%
Thomas D. Brown	24,822	*
Rod F. Dammeyer(3)	122,085	*
William K. Hall	54,198	*
Jonathan T. Lord, M.D.	70,448	*
John Patience(3)	352,244	*
James W.P. Reid-Anderson	7,325	*
Ronald G. Spaeth	19,822	*
<b>Officers</b>		
Frank J.M. ten Brink(3)	254,162	*
Richard T. Kogler	169,110	*
Michael J. Collins	94,304	*
Richard L. Foss(5)	306,903	*
<b>All directors and executive officers as a group (13 persons)</b>	<b>5,263,748</b>	<b>6.2%</b>

\* Less than 1%.

- (1) This column includes shares of common stock issuable upon the exercise of stock options exercisable as of or within 60 days after March 25, 2011. These shares are held as follows: Mr. Miller, 633,171 shares; Mr. Schuler, 14,138 shares; Mr. Brown, 24,822 shares; Mr. Dammeyer, 65,225 shares; Mr. Hall, 50,198 shares; Dr. Lord, 66,448 shares; Mr. Patience, 62,282 shares; Mr. Reid-Anderson, 7,325 shares; Mr. Spaeth, 19,822 shares; Mr. ten Brink, 174,993 shares; Mr. Kogler, 152,643 shares; Mr. Collins, 87,500 shares; and Mr. Foss, 304,867 shares.
- (2) Shares of common stock issuable under stock options exercisable as of or within 60 days after March 25, 2011 are considered outstanding for purposes of computing the percentage of the person holding the option but are not considered outstanding for purposes of computing the percentage of any other person.
- (3) The shares shown as beneficially owned by Mr. Miller include 399,741 shares owned by a limited liability company of which Mr. Miller and his wife are the two managers, and Mr. Miller, trusts for his benefit and trusts for the benefit of his sons are the seven members. Mr. Miller disclaims any beneficial ownership of the interest in the limited liability company held by the trusts for his sons. The shares shown as beneficially owned by Mr. Schuler include 367,300 shares owned by a trust for his benefit and 45,640 shares owned by his wife, regarding the latter of which Mr. Schuler disclaims any beneficial ownership. The shares shown as beneficially owned by Mr. Dammeyer include 5,400 shares owned by his wife, regarding which Mr. Dammeyer disclaims any beneficial ownership. The shares shown as beneficially owned by Mr. Patience include 1,000 shares owned by his wife, regarding which Mr. Patience disclaims any beneficial

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ownership. The shares shown as beneficially owned by Mr. ten Brink include 350 shares owned by his wife, regarding which Mr. ten Brink disclaims any beneficial ownership.

- (4) Mr. Miller, who is Chairman of the Board of Directors, is also our Chief Executive Officer.
- (5) Under a reorganization of the management of our international operations, Mr. Foss's position was eliminated, and he left the Company on December 31, 2010.

**Table of Contents****Stock Ownership of Certain Stockholders**

The following table provides information about the beneficial ownership of our common stock by each person who was known to us to be the beneficial owner as of the record date (March 25, 2011) of more than 5% of our outstanding common stock:

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership(1)</u>	<u>Percent of Class</u>
Capital World Investors(1) 333 South Hope Street Los Angeles, California 90071	8,629,000	10.1%
FMR LLC(2) 82 Devonshire Street Boston, Massachusetts 02109	5,568,394	6.5%
The Vanguard Group, Inc.(3) 100 Vanguard Boulevard Malvern, Pennsylvania 19355	4,293,875	5.0%

- (1) The shares shown as beneficially owned are derived from the Schedule 13G (Amendment No. 2) that Capital World Investors filed with the U.S. Securities and Exchange Commission on February 14, 2011.
- (2) The shares shown as beneficially owned are derived from the Schedule 13G that FMR LLC filed with the U.S. Securities and Exchange Commission on February 14, 2011.
- (3) The shares shown as beneficially owned are derived from the Schedule 13G that The Vanguard Group, Inc. filed with the U.S. Securities and Exchange Commission on February 9, 2011.

**Table of Contents**

**Item 1**

**ELECTION OF DIRECTORS**

Our Board of Directors is composed of nine directors. With the exception of Mark C. Miller, our Chairman of the Board and Chief Executive Officer, all of our directors are outside directors (i.e., directors who are neither officers nor employees of ours). The Board has determined that all of our outside directors are independent under the applicable listing standards of the NASDAQ Global Select Market.

Each director elected at the Annual Meeting will hold office until our annual meeting of stockholders in 2012 or until his successor is elected and qualified.

All nine nominees for election as directors are incumbent directors. The election of directors is uncontested.

**Voting in Uncontested Director Elections**

Under an amendment to our bylaws that our Board of Directors adopted in March 2011, a nominee for election as a director must receive a majority of the votes cast in order to be elected as a director in an uncontested election (an election in which the number of nominees for election is the same as the number of directors to be elected). In other words, the nominee must receive more for votes than against votes, with abstentions and broker non-votes not having any effect on the voting.

If a nominee for election as a director is an incumbent director and the nominee is not re-elected, Delaware law provides that the director continues to serve as a holdover director until his successor is elected and qualified or until he resigns. Under our amended bylaws, an incumbent director who is not re-elected is required to tender his resignation as a director. Our Nominating and Governance Committee will review the circumstances and recommend to the Board whether to accept or reject the director's resignation or take any other action. The Board is required to act on this recommendation and publicly disclose its decision and the rationale behind its decision within 90 days from the date that the election results are certified.

**Nominees for Director**

The following table provides information about the nominees for election as directors.

<u>Nominee</u>	<u>Position with the Company</u>	<u>Age</u>
Mark C. Miller	Chairman of the Board of Directors and Chief Executive Officer	55
Jack W. Schuler	Lead Director	70
Thomas D. Brown	Director	63

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Rod F. Dammeyer	Director	70
William K. Hall	Director	67
Jonathan T. Lord, M.D.	Director	56
John Patience	Director	63
James W.P. Reid-Anderson	Director	52
Ronald G. Spaeth	Director	67

*Mark C. Miller* has served as our Chief Executive Officer and a director since joining us in May 1992. (He also served as our President until January 2010, when he ceased to use the title.) He became Chairman of the Board of Directors in August 2008. From May 1989 until joining us, Mr. Miller served as vice president for the Pacific, Asia and Africa in the international division of Abbott Laboratories, a diversified health care company, which he joined in 1976 and where he held a number of management and marketing positions. Mr. Miller formerly served as a director of Ventana Medical Systems, Inc., a developer and supplier of automated diagnostic systems. He received a B.S. degree in computer science from Purdue University, where he graduated Phi Beta Kappa. Mr. Miller was selected by Morningstar, Inc. as its 2009 CEO of the Year.

**Table of Contents**

*Jack W. Schuler* has served as the Lead Director of our Board of Directors since August 2008 and served as our Chairman of the Board from January 1990 until becoming Lead Director. From January 1987 to August 1989 he served as president and chief operating officer of Abbott Laboratories, a diversified health care company, where he served as a director from April 1985 to August 1989. Mr. Schuler serves as a director of Medtronic, Inc., a medical technology company, and Quidel Corporation, a developer and manufacturer of point-of-care diagnostic tests, and formerly served as chairman of the board of directors of Ventana Medical Systems, Inc., and as a director of Amgen Incorporated, Chiron Corporation, Elan Corporation, plc, and ICOS Corporation. He is a co-founder of Crabtree Partners LLC, a private investment firm in Lake Forest, Illinois, and is a trustee of Carleton College. Mr. Schuler received a B.S. degree in mechanical engineering from Tufts University and a M.B.A. degree from the Stanford University Graduate School of Business Administration.

*Thomas D. Brown* has served as a director since May 2008. From 1974 until his retirement in 2002, Mr. Brown held various sales, marketing and management positions at Abbott Laboratories, where he served as a senior vice president and president of the diagnostics division from 1998 to 2002 and as corporate vice president for worldwide commercial operations from 1993 to 1998. He is a director of Quidel Corporation and Cepheid, a molecular diagnostics company, and formerly served as a director of Ventana Medical Systems, Inc. Mr. Brown received a B.A. degree from the State University of New York at Buffalo.

*Rod F. Dammeyer* has served as a director since January 1998. He is the president of CAC, llc, a private company providing capital investment and management advisory services, and is the former vice chairman of Anixter International, where he served from 1985 until February 2001, and the former managing partner of corporate investments of Equity Group Investments, L.L.C., where he served from 1995 until June 2000. Mr. Dammeyer serves as a director of Quidel Corporation, a developer and manufacturer of point-of-care diagnostic tests, and as an independent trustee of various Invesco Van Kampen mutual funds, and formerly served as a director of GATX Corporation and a director of The Scripps Research Institute. Mr. Dammeyer received a B.S. degree in accounting from Kent State University.

*William K. Hall* has served as a director since August 2006. He is a private equity investor who served from 2000 to 2009 as chairman of the board and chief executive officer of Procyon Technologies, Inc., a privately-owned holding company. From 1994 to 2000, Mr. Hall was chairman and chief executive officer of Falcon Building Products, Inc., a manufacturer and distributor of residential and commercial construction and home improvement products. He serves as a director of Actuant Corporation, a diversified industrial products manufacturer, A.M. Castle & Co., a specialty metals and plastics distributor, and W.W. Grainger, a supplier of facilities maintenance products, and as a trustee of the Rush University Medical Center, and formerly served as a director of Great Plains Energy Incorporated, GenCorp, Inc. and Woodhead Industries, Inc. Mr. Hall received a B.S.E. degree in aeronautical engineering, a M.S. degree in mathematical statistics, and M.B.A. and Ph.D. degrees in business from the University of Michigan.

*Jonathan T. Lord, M.D.* has served as a director since August 2004. He has served as a director of Dexcom, Inc., a developer of glucose sensing technologies, since May 2008 and since May 2010 has served as its chairman of the board. From May 2009 to January 2010, he served as president and chief executive officer of Navigenics, Inc., a privately-held personal genomics testing company. Prior to joining Navigenics, Inc., Dr. Lord was chief innovation officer/senior vice president at Humana Inc., a health benefits company, which he joined in April 2000. From October 1999 to April 2000, he served as president of Health Dialog Services Corporation, a health information provider, and from April 1997 to October 1999, he served as chief operating officer of the American Hospital Association, a national organization representing hospitals, health care networks and their patients. He serves as a director of Dexcom, Inc., a developer of glucose sensing technologies, and formerly served as a director of Neurometrix, Inc. Dr. Lord received a B.S. degree in chemistry and a M.D. degree from the University of Miami.

*John Patience* has served as a director since our incorporation in March 1989. He is a co-founder and partner of Crabtree Partners LLC, a private investment firm in Lake Forest, Illinois, which was formed in June 1995. He formerly served as a director and vice chairman of the board of directors of Ventana Medical



## **Table of Contents**

Systems, Inc., a public company prior to its being acquired in January 2008. From January 1988 to March 1995, he was a general partner in a venture capital firm which he co-founded and which led our pre-IPO funding. He was previously a partner in the consulting firm of McKinsey & Company, specializing in health care. Mr. Patience received B.A. and LL.B. degrees from the University of Sydney in Sydney, Australia, and a M.B.A. degree from the Wharton School of Business of the University of Pennsylvania.

*James W.P. Reid-Anderson* has served as a director since November 2009. He has served as the chairman of the board, president and chief executive officer of Six Flags Entertainment Corporation, a regional theme park operator, since August 2010. From January 2010 to August 2010 he served as a healthcare adviser to Apollo Management, L.P., a private equity investment firm. From November 2007 to March 2010 Mr. Reid-Anderson served in various executive and advisory roles with Siemens AG, a worldwide manufacturer and supplier of electronics and electrical engineering in the industrial, energy and healthcare sectors, following the acquisition by Siemens AG of Dade Behring Holdings, Inc., a manufacturer and distributor of in vitro diagnostics products and services to clinical laboratories, which Mr. Reid-Anderson joined in August 1996 and where he served as chairman of the board, president and chief executive officer. Mr. Reid-Anderson is a fellow of the Association of Chartered Certified Accountants and received a BCom (Hons) commerce degree from the University of Birmingham (in the United Kingdom).

*Ronald G. Spaeth* has served as a director since May 2008. He served as president of Evanston Northwestern Healthcare Foundation from 2002 to 2007 and as the president and chief executive officer of Highland Park (Illinois) Hospital from 1983 to 2002. He serves as a director of several private companies. Mr. Spaeth was formerly a director of Cole Taylor Bank and a member of the board of commissioners of the Joint Commission on the Accreditation of Healthcare Organizations, a member of the board of trustees of the American Hospital Association, chairman of the board of trustees of the Illinois Hospital Association and chairman of the board of governors of the American College of Healthcare Executives. He received a B.S. degree from Case Western Reserve University and a M.B.A. degree from the University of Chicago Graduate School of Business.

## **Director Qualifications**

We believe that our nine directors continue to possess the experience, qualifications and skills that warranted their initial election as directors. Our directors have in common, among other qualities, a breadth of business experience, seasoned judgment and an insistence on looking beyond the next quarter or the next year in directing and supporting our management. From their service on the boards of other public and private companies, our directors also bring to us the insights that they gain from the operating policies, governance structures and growth dynamics of these other companies.

Our directors individually bring to the Board a wide range of experience, backgrounds and knowledge. Among other things that each of our directors brings: Mr. Miller brings a wealth of knowledge of our industry; Mr. Schuler brings experience managing the operations of a multinational healthcare company and knowledge of the dynamics of the healthcare industry; Mr. Brown brings experience managing the operations of a multinational diagnostics business; Mr. Dammeyer brings experience in a very wide range of businesses; Mr. Hall brings experience in developing, managing and expanding global manufacturing companies; Dr. Lord brings an understanding of healthcare delivery systems; Mr. Patience brings experience with public and private healthcare companies; Mr. Reid-Anderson brings experience with multinational companies; and Mr. Spaeth brings a knowledge of healthcare delivery systems.

## **Committees of the Board**

Our Board of Directors has standing Compensation, Audit and Nominating and Governance Committees. All of the members of each committee are outside directors who are independent under the applicable listing standards of the NASDAQ Global Select Market.





## **Table of Contents**

### **Compensation Committee**

The Compensation Committee makes recommendations to the Board of Directors concerning the base salaries and cash bonuses of our executive officers and reviews our employee compensation policies generally. The Committee also administers our stock option plans as they apply to our executive officers. In addition, the Committee periodically reviews our compensation practices to evaluate whether they pose enterprise or other risks to us.

### **Audit Committee**

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities relating to the integrity of our financial statements, the qualifications and experience of our independent accountants, the performance of our internal audit function and our independent accountants, and our compliance with legal and regulatory requirements.

The Audit Committee reviews our risk management policies and practices and reports any significant issues to the Board. Matters of risk management are brought to the Committee's attention by our Executive Vice President and Chief Financial Officer, who fills the functional role of our chief risk officer, or by our chief regulatory compliance officer or our principal internal auditor, who focuses on potential weaknesses that could result in a failure of an internal control process. Our management reviews and reports on potential areas of risk at the Committee's request or at the request of other members of the Board.

### **Nominating and Governance Committee**

The Nominating and Governance Committee identifies and evaluates possible nominees for election to the Board of Directors and recommends to the Board a slate of nominees for election at the annual meeting of stockholders. The Committee also recommends to the Board director assignments to the Board's committees. In addition, the Committee develops, recommends to the Board and oversees the implementation of our corporate governance policies and practices.

The Committee considers a variety of factors in evaluating a candidate for selection as a nominee for election as a director. These factors include the candidate's personal qualities, including, in particular, the candidate's probity, independence of judgment and analytical skills, and the candidate's professional experience, educational background, knowledge of our business and healthcare services generally, and experience serving on the boards of other public companies. While we do not currently have a formal diversity policy in connection with the selection of candidates as nominees for election as directors, the Board seeks directors who bring to the Board a mix of backgrounds and experiences that will enhance the quality of the Board's deliberations and decisions. The Committee has not established any minimum qualifications that a candidate must possess. In determining whether to recommend an incumbent director for re-election, the Committee also considers the director's preparation for and participation in meetings of the Board of Directors and the committee or committees of the Board on which the director serves.

In identifying potential candidates for selection in the future as nominees for election as directors, the Committee relies on suggestions and recommendations from the other directors, management, stockholders and others and, when appropriate, may retain a search firm for assistance. The Committee will consider candidates proposed by stockholders and will evaluate any candidate proposed by a stockholder on the same basis that it evaluates any other candidate. Any stockholder who wants to propose a candidate should submit a written recommendation to the

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Committee indicating the candidate's qualifications and other relevant biographical information and providing preliminary confirmation that the candidate would be willing to serve as a director. See Communications with the Board.

### **Committee Charters**

The charters of the Compensation, Audit and Nominating and Governance Committees are available on our website, [www.stericycle.com](http://www.stericycle.com).

**Table of Contents****Committee Members and Meetings**

The following table provides information about the membership of the committees of the Board of Directors during 2010:

<u>Director</u>	<u>Compensation Committee</u>	<u>Audit Committee</u>	<u>Nominating and Governance Committee</u>
Jack W. Schuler		X	X*
Thomas D. Brown		X	
Rod F. Dammeyer(1)		X*	X
William K. Hall	X		
Jonathan T. Lord, M.D.	X*		X
John Patience		X	X
James W.P. Reid-Anderson	X		
Ronald G. Spaeth	X		

\* Chairman of committee

- (1) The Board of Directors has determined that Mr. Dammeyer, the Chairman of the Audit Committee, is an audit committee financial expert as described in the applicable rules of the U.S. Securities and Exchange Commission.

Our Board of Directors held four meetings in person or by teleconference during 2010 and acted without a formal meeting on a number of occasions by the unanimous written consent of the directors. The Audit Committee held eight meetings in person or by teleconference during the year. The Compensation Committee held one meeting by teleconference during the year, and the Nominating and Governance Committee held one meeting in person during the year.

All of our directors attended in person or participated by teleconference in all of the meetings of the Board of Directors during 2010. All of the members of the Audit, Compensation and Nominating and Governance Committees attended in person or participated by teleconference in all of the meetings of those committees during the year, with the exception that two members of the Audit Committee each missed one meeting.

We encourage our directors to attend the annual meeting of stockholders. All of the nominees for election as directors attended the 2010 Annual Meeting of Stockholders, and we anticipate that all of our directors will attend this year's Annual Meeting.

**Lead Director**

We amended our bylaws in August 2008 to require the Board of Directors to appoint one of our outside directors as the Lead Director if and when our president and chief executive, or any other officer or employee, is serving as the Chairman of the Board. The Lead Director is required to be independent under the listing standards of the NASDAQ Global Select Market, and serves at the Board's pleasure until the next election of directors by the stockholders.

Working with the Chairman of the Board, the Lead Director is responsible for coordinating the scheduling and agenda of board meetings and the preparation and distribution of agenda materials. The Lead Director presides when the Board meets in executive session or in the absence of the Chairman of the Board and may call special meetings of the Board when he considers appropriate. In general, the Lead Director oversees the scope, quality and timeliness of the flow of information from our management to the board and serves as an independent point of contact for stockholders wishing to communicate with the Board other through the Chairman of the Board.

## **Table of Contents**

In August 2008, our Chairman of the Board, Jack W. Schuler, resigned as Chairman after serving for more than 18 years, and our Board appointed him as our Lead Director and appointed our President and Chief Executive Officer, Mark C. Miller, who had served in these positions for more than 16 years, to the additional position of Chairman of the Board. The Board made these changes to give formal recognition to Mr. Miller and to acknowledge the way in which the roles played by Messrs. Schuler and Miller had evolved over time.

## **Corporate Governance**

### **Executive Sessions of the Board**

Our Board of Directors excuses Mr. Miller, our Chairman of the Board and Chief Executive Officer, as well as any of our other executive officers who may be present by invitation, from a portion of each meeting of the Board in order to allow the Board, with our Lead Director presiding, to review Mr. Miller's performance as Chief Executive Officer and to enable each director to raise any matter of interest or concern without the presence of management.

### **Board Evaluation**

Our directors annually review the performance of the Board of Directors and its committees and the performance of their fellow directors by completing confidential evaluation forms that are returned to Mr. Schuler as the Chairman of the Nominating and Governance Committee. At a subsequent meeting of the Board, Mr. Schuler leads a discussion with the full Board of any issues and suggestions for improvement identified in his review of these evaluation forms.

### **Policy on Related Party Transactions**

The Board of Directors has adopted a written policy requiring certain transactions with related parties to be approved in advance by the Audit Committee. For purposes of this policy, a related party includes any director or executive officer or an immediate family member of any director or executive officer. The transactions subject to review include any transaction, arrangement or relationship (or any series of similar transactions, arrangements and relationships) in which (i) we or one of our subsidiaries will be a participant, (ii) the aggregate amount involved exceeds \$100,000 and (iii) a related party will have a direct or indirect interest. In reviewing proposed transactions with related parties, the Audit Committee will consider the benefits to us of the proposed transaction, the potential effect of the proposed transaction on the director's independence (if the related party is a director), and the terms of the proposed transaction and whether those terms are comparable to the terms available to an unrelated third party or to employees generally. There were no transactions during 2010 that required the Audit Committee's approval.

### **Succession Planning**

The Board of Directors annually reviews and approves our succession planning for our Chief Executive Officer, our other executive officers and a number of other officers.

**Required Resignation on Change in Job Responsibilities**

By informal agreement, the Board of Directors has adopted a policy that a director must tender his resignation if the director's principal occupation or business association changes substantially from the position that he held when originally elected to the Board. The Nominating and Governance Committee will then review the circumstances of the director's new position or retirement and recommend to the full Board whether to accept or reject the director's resignation in light of the contribution that he can be expected to continue to make to the Board.

**Table of Contents**

**Communications with the Board**

Stockholders who would like to communicate with the Board may do so by writing to the Board of Directors, Stericycle, Inc., 28161 North Keith Drive, Lake Forest, Illinois 60045. Communications relating to matters within the scope of the Board's responsibilities will be forwarded to the Chairman of the Board and at his direction to the other directors, and communications relating to ordinary day-to-day business matters that are not within the scope of the Board's responsibilities will be forwarded to the appropriate officer or executive. Communications addressed to the Lead Director will be forwarded to him and at his direction to the other directors, and communications addressed to a particular committee of the Board will be forwarded to the chairman of that committee and at his direction to the other members of the committee.



**Table of Contents**

**AUDIT COMMITTEE REPORT**

Under the Audit Committee's charter, the Audit Committee of the Board of Directors assists the Board in fulfilling its oversight responsibilities relating to the integrity of the Company's financial statements, the qualifications and experience of the Company's independent registered public accounting firm, the performance of the Company's internal audit function and independent registered public accounting firm, and the Company's compliance with applicable legal and regulatory requirements. The Committee's charter is available on the Company's website, [www.stericycle.com](http://www.stericycle.com). The current members of the Committee, who served during 2010, are Messrs. Dammeyer (Chairman), Brown, Patience and Schuler.

In regard to our role, we note that it is the responsibility of the Company's management to prepare financial statements in accordance with accounting principles generally accepted in the United States, and that it is the responsibility of the Company's independent registered public accounting firm to audit those financial statements. The Committee's responsibility is one of oversight, and we do not provide expert or other special assurance regarding the Company's financial statements or the quality of the audits performed by the Company's independent public accountants.

In carrying out our oversight responsibility, we review and discuss with both management and Ernst & Young LLP, the Company's independent registered public accounting firm, all quarterly and annual financial statements prior to their issuance. We reviewed and discussed with both management and Ernst & Young LLP the quarterly and annual financial statements for the fiscal year ended December 31, 2010. Our reviews and discussions with Ernst & Young LLP included executive sessions without the presence of the Company's management. They also included discussions of the matters required to be discussed pursuant to Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended (AICPA, *Professional Standards*, vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, including the quality of the Company's accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the Company's financial statements. We also discussed with Ernst & Young LLP matters relating to their independence, including a review of their audit and non-audit fees and the letter and written disclosures that the Committee received from Ernst & Young LLP pursuant to Rule 3526 of the Public Company Accounting Oversight Board, *Communications with Audit Committees Concerning Independence*.

In addition, we continued to monitor the scope and adequacy of the Company's internal controls, including staffing levels and requirements, and we reviewed programs and initiatives to strengthen the effectiveness of the Company's internal controls and steps taken to implement recommended improvements.

On the basis of these reviews and discussions, we recommended to the Board of Directors that the Board approve the inclusion of the Company's audited financial statements in the Company's annual report on Form 10-K for the year ended December 31, 2010 for filing with the U.S. Securities and Exchange Commission.

Audit Committee

Rod F. Dammeyer, Chairman

Thomas D. Brown

John Patience

Jack W. Schuler

**Table of Contents**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Overview**

**Compensation Philosophy.** Our compensation program for executive officers has three objectives:

to attract, motivate and retain highly qualified executive officers

to make a substantial portion of their compensation dependent on the Company's attainment of a measurable Company-wide performance target and

to structure most of their compensation so that they benefit only if all of our stockholders benefit

Our compensation program is straightforward and has remained essentially unchanged in design for more than 15 years. The program consists of cash compensation and long-term incentive compensation. Cash compensation is paid in the form of a base salary and a performance bonus, and long-term incentive compensation is paid in the form of stock options.

**Performance-Oriented.** Our compensation program is performance-oriented. We favor (i) cash performance bonuses and (ii) stock options vesting in 20% annual increments over five years as the principal components of our executive officers' compensation. We believe that these components provide strong incentives to our executive officers to continue to improve our operating performance and thereby create value for all of our stockholders. Performance bonuses and stock options represented 85.1% of our executive officers' compensation during 2010 and 79.1% and 81.0% during 2008 and 2009, respectively.

During 2008-2010, our total stockholder return, as measured by the change in the closing price of a share of our common stock on December 31, increased 5.9% from 2008 to 2009 (going from \$52.08 to \$55.17) and 46.7% from 2009 to 2010 (going from \$55.17 to \$80.92). During this period, our publicly disclosed non-GAAP earnings per diluted share (our earnings per diluted share determined in accordance with U.S. generally accepted accounting principles, adjusted for acquisition-related expenses, restructuring costs and other items), increased 21.3% from 2008 to 2009 (going from \$1.73 to \$2.09) and 20.3% from 2009 to 2010 (going from \$2.09 to \$2.52).

During these same three years, the total compensation of our Chairman of the Board and Chief Executive Officer, Mark C. Miller, as shown on the Summary Compensation Table on page 21, increased 19.7% from 2008 to 2009 (going from \$1,996,357 to \$2,389,954) and 58.7% from 2009 to 2010 (going from \$2,389,954 to \$3,793,851). The average of the total compensation of the other named executive officers increased 6.0% from 2008 to 2009 (going from \$932,062 to \$988,280) and 25.5% from 2009 to 2010 (going from \$988,280 to \$1,240,483).

**Compensation Committee.** Compensation decisions for our executive officers are made by the Compensation Committee of our Board of Directors. All of the Committee's members are independent under the applicable NASDAQ listing standards. The Committee's decisions relating to base salaries and bonuses are subject to the review and approval of the full Board; the Committee's decisions relating to stock options are reviewed by the full Board but are not subject to its approval.

**Compensation Guidelines.** The Compensation Committee takes into account a number of factors in setting the base salaries and bonus percentages of our executive officers and determining the stock options to be granted to them. Principal among these factors are two guidelines: (i) providing our executive officers with total potential cash compensation at the 50th percentile shown on an informal survey of executive officer compensation at 18 other public companies providing waste management, healthcare, chemical treatment, storage and related business services and (ii) providing our principal executive officers (our chief executive officer, chief operating officer and chief financial officer) with long-term incentive compensation at the 75th percentile shown on this survey for their positions, in both cases adjusting the amounts shown on the survey by a 3% annual inflation rate.

## Table of Contents

The companies surveyed consisted of ABM Industries, Inc., Allied Waste Industries, Inc., Brink's Company, Charles River Laboratories International, Inc., Chemed Corporation, ChoicePoint, Cintas Corporation, Clean Harbors, Connections Corporation of America, Covanta Holding Corporation, Cross Country Healthcare, Inc., Equifax, Inc., Healthcare Services Group, Inc., InVentiv Health, Inc., Iron Mountain Incorporated, Republic Services, Inc., ServiceMaster and Waste Connections, Inc.

**Base Salaries.** During 2010, Mr. Miller's base salary was unchanged from his base salary of \$305,964 set in 2008. The base salaries of the other named executive officers, which were unchanged in 2009, were raised in 2010 to \$270,000 for Messrs. ten Brink and Kogler and to \$240,000 for Messrs. Collins and Foss.

**Performance Bonuses.** Our performance bonus program is intended to provide a short-term cash incentive to our executive officers. Each executive officer is eligible for a cash bonus equal to a specified percentage of his base salary. For 2010, the bonus percentages of our named executive officers were 125% for Mr. Miller, 85% for Messrs. ten Brink and Kogler, and 75% for Messrs. Collins and Foss. Using EBITDA (earnings before interest, taxes, depreciation and amortization) as the performance metric, the Compensation Committee sets target levels each year on the basis of the EBITDA shown in our final operating plan and budget for the year as approved by our Board of Directors, subject to any adjustments that the Compensation Committee considers appropriate to refine EBITDA as an internal measure of our operating performance. These target levels provide for potential performance bonuses increasing linearly from the 100% level (a performance bonus equal to the specified percentage of the executive officer's base salary) to the 150% level (a performance bonus equal to 150% of the specified percentage of the executive officer's base salary).

For 2010, our target EBITDA for the payment of performance bonuses at the 100% level was \$407.7 million (compared to \$357.8 million for 2009), and our target EBITDA for payment of performance bonuses at the maximum 150% level was \$415.7 million (compared to \$365.8 million for 2009). Our actual EBITDA for the year for purposes of the performance bonus program was \$440.4 million (the sum of income from operations of \$370.7 million plus \$53.9 million of depreciation and amortization plus \$15.8 million of acquisition-related expenses, restructuring costs and other items that the Compensation Committee did not consider part of our day-to-day operations).

Our executive officers accordingly received performance bonuses for 2010, paid in February 2011, equal to 150% of the bonus percentages of their base salaries. The performance bonuses for Messrs. Miller, ten Brink, Kogler, Collins and Foss were \$573,683, \$344,250, \$344,250, \$252,000, and \$252,000, respectively.

**Stock Option Grants.** We use stock options as the major component of the compensation of our executive officers because of the performance incentives that stock options provide. Our stock options are always granted at the closing price of our stock on the date of the grant, and thus the value to our executive officers of their stock options depends entirely on the subsequent growth in value of our stock. The executive officers' stock options accordingly provide an incentive for sustained levels of superior performance that contribute to our overall success as reflected in the market price of our stock, to the benefit not just of our executive officers but all of our stockholders.

At the Compensation Committee's meeting in February 2010, the Committee determined the annual stock option grants to our executive officers and to our employees generally taking into account (i) our operating performance, (ii) prior stock option grants, (iii) stock option grants and compensation practices at other companies with which members of the compensation committee were familiar and (iv) the goal of limiting stock option grants to executive officers and employees generally to no more than 10% of our fully-diluted shares over a trailing five-year period, thus averaging dilution of no more than 2% a year).

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The Committee adjusted the stock option grants to Messrs. Miller, ten Brink and Kogler on the basis of the long-term incentive compensation guideline previously described. In this regard, Committee considered the positions of chief financial officer and chief operating officer to be of equal value and used the average of the long-term incentive compensation for these positions at the 75th percentile in determining the stock options granted to Messrs. ten Brink and Kogler.

## **Table of Contents**

The Committee granted options for a total of 430,000 shares to our executive officers as follows: Mr. Miller, 220,000 shares (in two grants of 200,000 and 20,000 shares, respectively); Messrs. ten Brink and Kogler, each 75,000 shares; and Messrs. Collins and Foss, each 30,000 shares.

**Bonus Conversion Program.** We maintain a bonus conversion program for our executive officers and other management employees allowing them to convert all or a portion of their performance bonuses into stock options. The program is intended to enable our executive officers and other participants to trade current compensation for the possibility of greater rewards in the future if our stock continues to perform well.

All of our named executive officers participated in this program in respect of their performance bonuses for 2010 payable in February 2011. Mr. Miller elected to forgo his entire performance bonus and received instead an option for 36,081 shares, Mr. ten Brink elected to forgo \$68,850 of his performance bonus and received instead an option for 4,330 shares, Mr. Kogler similarly elected to forgo \$68,850 of his performance bonus and received instead an option for 4,330 shares, Mr. Collins elected to forgo \$50,400 of his performance bonus and received instead an option for 3,170 shares and Mr. Foss elected to forgo his entire performance bonus and received instead an option for 15,849 shares.

**Types of Compensation Not Provided.** We believe that an understanding of our compensation program for executive officers is enhanced by noting some of the types of compensation or benefits that we do *not* provide:

we do not maintain any retirement, supplemental retirement or deferred compensation plan for our executive officers (aside from an employee stock purchase plan and a conventional 401(k) plan in which virtually all U.S. employees are eligible to participate)

while awards of restricted stock and restricted stock units are authorized under our 2005 and 2008 stock option plans, we have never made any awards of restricted stock or RSUs to our executive officers

we have not entered into any agreement or adopted any plan providing for severance benefits or salary continuation payments to any of our executive officers in the event of a change of control or termination of employment

we do not provide any perquisites or personal benefits to any of our executive officers

## **Compensation Decisions**

In addition to the two guidelines previously described (see Executive Summary Compensation Guidelines, on page 15), the Compensation Committee takes into account a number of other factors in setting the base salaries and bonus percentages of our executive officers and determining the stock options to be granted to them. The Committee's decisions are made with a view to reaching an overall result that, in the Committee's subjective judgment, is appropriate and fair to the particular executive officer, both in absolute terms and relative to the compensation of the other executive officers, and fair as well to us and to our stockholders. The Committee does not reach this result in a mechanical fashion but, rather, considers each executive officer's role and contribution to our performance, the officer's compensation history and the compensation practices at other companies with which members of the Committee are familiar.

Compensation decisions are made annually at the regular meeting of the Compensation Committee during the first quarter of year, typically in February, when the results of our prior year's performance are available internally and can be taken into account by the Committee in determining the executive officers' performance bonuses for the prior year and their base salaries and bonus percentages for the current year. The

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Committee believes that incentives are likely to have a greater effect on performance the sooner they are communicated and accordingly determines bonus percentages and annual option grants as early in the year as practicable. The Committee's decisions are made without regard to our anticipated earnings or other announcements.

Our Chairman and Chief Executive Officer makes recommendations to the Committee regarding the compensation of the other executive officers, but management does not otherwise participate in the Committee's decisions.



## **Table of Contents**

### **Base Salaries**

In February 2011, the Compensation Committee increased the base salaries of each of our executive officers by 3%, raising the base salary of Mr. Miller to \$315,143, raising the base salaries of Messrs. ten Brink and Kogler to \$278,100 and raising the base salary of Mr. Collins to \$247,200. The Committee also raised the base salary of Charlie Alutto, Executive Vice President and President, Stericycle USA, who became an executive officer in February 2011, to \$278,100.

### **Performance Bonuses**

Under our performance bonus program, if we fail to attain our target EBITDA for payment of performance bonuses at the 100% level, our executive officers are not assured of any bonuses. In these circumstances, the Compensation Committee may decide in its discretion either that no performance bonuses are warranted or that it would be appropriate to award on the basis of individual merit cash bonuses of some order of magnitude smaller than the performance bonuses that would have been paid if we had attained our target EBITDA for payment of performance bonuses at the 100% level.

In February 2011, the Compensation Committee left the bonus percentages for 2011 of Messrs. Miller, ten Brink, Kogler and Collins unchanged at 125%, 85%, 85% and 70%, respectively, and set the bonus percentage of Mr. Alutto at 75%.

### **Stock Options**

The exercise price per share of an option granted under one of our stock option plans may not be less than the closing price of a share of our common stock on the date of the option grant. The maximum term of an option may not exceed 10 years, and an option may be exercised only when it is vested and only while the executive officer or other employee remains an employee of ours and for a limited period following the termination of his or her employment.

Options granted to executive officers and employees generally vest over five years at the rate of one-fifth of the option shares on each of the first five anniversaries of the option grant date. (As noted below, options granted under our bonus conversion program are immediately vested.) Options also become exercisable upon the option holder's death or upon a change in control.

We currently have two stock option plans under which new stock options may be granted: (i) the 2008 Incentive Stock Plan, which our stockholders approved in May 2008, and (ii) the 2005 Incentive Stock Plan, which our stockholders approved in April 2005. There are also stock options outstanding under our 2000 Nonstatutory Stock Option Plan, which expired in February 2010, our 1997 Stock Option Plan, which expired in January 2007, and our 1995 Incentive Compensation Plan, which expired in July 2005.

As of December 31, 2010, there were 2,120,072 shares available for future option grants under the 2008 plan and 140,865 shares were available for future option grants under the 2005 plan.

In February 2011, the Committee determined the annual stock option grants to our executive officers and to our employees generally. The Committee granted options for a total of 337,810 shares to our executive officers as follows: Mr. Miller, 159,150 shares; Messrs. ten Brink and Kogler, each 59,850 shares; Mr. Collins, 27,070 shares; and Mr. Alutto, 31,890 shares.

**Bonus Conversion Program**

Under our bonus conversion program, a participant may irrevocably elect in advance of any bonus award to forego some portion or all of any performance bonus otherwise payable to him and receive instead an immediately vested nonstatutory stock option under one of our stock option plans at an exercise price per share equal to the closing price of a share of our common stock on the bonus award date.

## **Table of Contents**

The number of shares for which an option is granted is determined by dividing (i) a specified multiple of the amount of the cash bonus that the participant elected to forego by (ii) the average closing price of our common stock during the year for which the bonus is payable. Our Board of Directors has fixed the multiple at four for 2010 and 2011.

### **Employee Stock Purchase Plan**

We maintain an employee stock purchase plan (the "ESPP"), which our stockholders approved in May 2001. The ESPP authorizes 600,000 shares of our common stock to be purchased by qualifying employees at a 15% discount from the market price of the stock through payroll deductions during two six-month offerings each year. A qualifying employee who elects to participate in an offering is granted an option on the first day of the offering for a number of shares equal to the employee's payroll deductions under the ESPP during the offering period (which may not exceed \$5,000) divided by the option price per share. The option price per share is the lower of 85% of the closing price of a share of our common stock on the first trading day of the offering period or 85% of the closing price on the last trading day of the offering period.

Each employee of Stericycle, Inc. or of a U.S. subsidiary of ours who has completed six months' employment as of the first day of an offering and who is a full-time employee, or a part-time employee who customarily works at least 20 hours per week, is eligible to participate in the offering.

During 2010, Messrs. Miller, Collins and Foss each purchased 196 shares under the ESPP, Mr. ten Brink purchased 154 shares and Mr. Kogler purchased 48 shares.

### **401(k) Plan**

We maintain a 401(k) plan in which employees who have completed 90 days' employment are eligible to participate. We have discretion under the plan to make matching contributions of a percentage of the participants' own contributions to the plan as the Board of Directors determines each year. For 2010, we made a matching contribution of 50% of each participant's contributions to the plan, up to a maximum matching contribution of \$1,750. We made the maximum matching contribution for each of our named executive officers.

### **Retirement Plans and Deferred Compensation Arrangements**

Aside from our ESPP and 401(k) plan, we do not maintain any other qualified plans (for example, a qualified defined benefit or a money purchase pension plan), and we have not adopted any nonqualified retirement or deferred compensation plan or arrangement.

### **Retiree Medical Benefits**

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In February 2009, we adopted a supplement to our self-insured medical plan to allow eligible employees to continue to participate in the plan following retirement, with the same coverage and benefits as active employees, at an actuarially determined cost to the retired employee equivalent to the cost of coverage of an active employee for the type of coverage selected. Eligible employees are management employees at or above the specified grade level (thus including our executive officers), who are age 50 or older, who have worked for us for at least 10 years, and the sum of whose age plus his or her years of service is 65 or more.

### **Perquisites and Personal Benefits**

We do not provide any perquisites or personal benefits to our executive officers.

### **Employment Agreements**

We have not entered into written employment agreements with any of our executive officers. All of our executive officers have entered into confidentiality, nonsolicitation and noncompetition agreements with us.

## **Table of Contents**

### **Termination and Change-in-Control Payments**

We have not entered into salary continuation, severance or similar agreements or arrangements with any of our executive officers. We have no contractual or other obligation to provide severance benefits or other payments in the event of a change in control or termination of employment. (In this regard, however, we note that all of our stock option plans provide for the full vesting upon a change in control of all unvested options held by our employees, including our executive officers.)

### **Stock Ownership Requirements**

All of our executive officers are required to hold a minimum position in our stock. An executive officer with less than five years service as an executive officer must have a position equal to three times his base salary, and an executive officer with five or more years of service must have a position equal to five times his base salary.

An executive officer's stock ownership position is measured by the value of our common stock that he owns directly and indirectly and the in-the-money value of the vested and unvested stock options that he holds. An executive officer who does not satisfy the applicable minimum stock ownership requirement may not sell any shares of our stock, with the exception that the officer may engage in a cashless exercise of an option and sell a number of shares sufficient to pay the exercise price of the option shares and the related withholding taxes. An executive officer who satisfies the applicable minimum stock ownership requirement may not sell any shares if, as a result, he would then violate the applicable minimum stock ownership requirement.

All of our executive officers (with the exception of Mr. Alutto, who only became an executive officer in February 2011) satisfy the applicable minimum stock ownership requirement.

## **COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with the Company's management. Based on this review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee

Jonathan T. Lord, M.D., Chairman

William K. Hall

James W.P. Reid-Anderson

Ronald G. Spaeth

**Table of Contents****SUMMARY COMPENSATION TABLE**

The following table provides information about the compensation paid or earned during the period 2008-2010 by our principal executive officer, principal financial officer and three most highly compensated other executive officers (the named executive officers):

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u> <u>(\$)</u>	<u>Bonus(1)</u> <u>(\$)</u>	<u>Option</u> <u>Awards(2)</u> <u>(\$)</u>	<u>All</u> <u>Other</u> <u>Compensation(3)</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Mark C. Miller(4) Chairman of the Board and Chief Executive Officer	2010	\$ 305,964	\$ 573,683	\$ 2,906,424	\$ 7,780	\$ 3,793,851
	2009	305,964	533,759	1,548,481	1,750	2,389,954
	2008	303,702	569,441	1,121,714	1,500	1,996,357
Frank J.M. ten Brink(5) Executive Vice President and Chief Financial Officer	2010	\$ 259,401	\$ 344,250	\$ 991,439	\$ 1,750	\$ 1,596,840
	2009	229,473	238,416	680,393	1,508	1,149,790
	2008	227,776	256,248	514,669	1,500	1,000,193
Richard T. Kogler(6) Executive Vice President and Chief Operating Officer	2010	\$ 259,401	\$ 344,250	\$ 991,439	\$ 1,750	\$ 1,596,840
	2009	229,473	238,416	680,393	1,750	1,150,032
	2008	227,776	256,248	514,669	1,500	1,000,193
Michael J. Collins(7) Executive Vice President and President, Returns Management Services	2010	\$ 236,495	\$ 252,000	\$ 396,575	\$ 1,750	\$ 886,820
	2009	226,600	219,736	398,851	1,750	846,937
	2008	224,925	236,171	422,292	1,500	884,888
Richard L. Foss(8)(9) Executive Vice President and President, International	2010	\$ 231,108	\$ 252,000	\$ 396,575	\$ 1,750	\$ 881,433
	2009	206,000	199,761	398,851	1,750	806,362
	2008	204,478	214,702	422,292	1,500	842,972

- (1) The amounts in this column are the gross amounts of the named executive officer's performance bonus for the particular year before any conversion of the bonus into an option pursuant to our bonus conversion program. See the second paragraph of the following note (2) and notes (4)-(8).
- (2) The amounts in this column represent the fair value of options that we granted in 2010, 2009 and 2008 determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Stock Compensation ( FASB ASC Topic 718 ), excluding the effect of the expected forfeiture rate. The assumptions made in the valuation of these options are described at the end of Note 7, Stock Based Compensation, to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2010 (available at [www.stericycle.com](http://www.stericycle.com)).

The amount in this column for a particular year does not include the fair value of any option that we granted during that year pursuant to our bonus conversion program in respect of the named executive officer's performance bonus for the prior year. See the following notes (4)-(8).

- (3) The amounts in this column represent our matching 401(k) plan contributions for 2010, 2009 and 2008 for each of our named executive officers. The amount for Mr. Miller in 2010 also includes \$6,030 in expenses for Mr. Miller and his wife to attend and host resort activities to recognize top-ranking Company sales personnel.
- (4) The amounts in the Bonus column for Mr. Miller are the gross amounts of his performance bonuses for 2010, 2009 and 2008. Pursuant to our bonus conversion program, Mr. Miller elected to forego his entire performance bonus for each of these years and received instead

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options for 36,081, 42,253 and 30,676 shares, respectively. The fair value of these bonus conversion options is not included in the amounts in Mr. Miller's Option Awards column.

- (5) The amounts in the Bonus column for Mr. ten Brink are the gross amounts of his performance bonuses for 2010, 2009 and 2008. Pursuant to our bonus conversion program, Mr. ten Brink elected to forgo \$68,850 of



**Table of Contents**

his performance bonus for 2010 and received instead an option for 4,330 shares and a net cash bonus of \$275,400; he elected to forgo \$59,604 of his performance bonus for 2009 and received instead an option for 4,718 shares and a net cash bonus of \$178,812; and he elected to forgo \$64,062 of his performance bonus for 2008 and received instead an option for 3,451 shares and a net cash bonus of \$192,186. The fair value of these bonus conversion options is not included in the amounts in Mr. ten Brink's Option Awards column. The fair value of these bonus conversion options is not included in the amounts in Mr. ten Brink's Option Awards column.

- (6) The amounts in the Bonus column for Mr. Kogler are the gross amounts of his performance bonuses for 2010, 2009 and 2008. Pursuant to our bonus conversion program, Mr. Kogler elected to forgo \$68,850 of his performance bonus for 2010 and received instead an option for 4,330 shares and a net cash bonus of \$275,400; he elected to forgo \$59,604 of his performance bonus for 2009 and received instead an option for 4,718 shares and a net cash bonus of \$178,812; and he elected to forgo \$64,062 of his performance bonus for 2008 and received instead an option for 3,451 shares and a net cash bonus of \$192,186. The fair value of these bonus conversion options is not included in the amounts in Mr. Kogler's Option Awards column.
- (7) The amounts in the Bonus column for Mr. Collins are the gross amounts of his performance bonuses for 2010, 2009 and 2008. Pursuant to our bonus conversion program, Mr. Collins elected to forgo \$50,400 of his performance bonus for 2010 and received instead an option for 3,170 shares and a net cash bonus of \$201,600; he elected to forgo \$43,947 of his performance bonus for 2009 and received instead an option for 3,479 shares and a net cash bonus of \$175,789; and he elected to forgo \$59,043 of his performance bonus for 2008 and received instead an option for 3,181 shares and a net cash bonus of \$177,128. The fair value of these bonus conversion options is not included in the amounts in Mr. Collins's Option Awards column.
- (8) Under a reorganization of the management of our international operations, Mr. Foss's position was eliminated, and he left the Company on December 31, 2010. Mr. Foss remained entitled to his performance bonus for 2010.
- (9) The amounts in the Bonus column for Mr. Foss are the gross amounts of his performance bonuses for 2010, 2009 and 2008. Pursuant to our bonus conversion program, Mr. Foss elected to forego his entire performance bonus for each of these years and received instead options for 15,849, 15,813 and 11,566 shares, respectively. The fair value of these bonus conversion options is not included in the amounts in Mr. Foss's Option Awards column.

Salaries, bonuses and stock options represented the following approximate percentages of the total compensation paid to our named executive officers for 2010, 2009 and 2008:

	Approximate Percentage of Total Compensation of Named Executive Officers		
	2010	2009	2008
Salaries	14.8%	18.9%	20.7%
Bonuses	20.2%	22.6%	26.8%
Stock options	65.0%	58.4%	52.3%

**Table of Contents****GRANTS OF PLAN-BASED AWARDS**

The following table provides information about the stock options granted to our named executive officers during 2010.

We did not make any awards to our named executive officers during 2010 of shares of restricted stock, restricted stock units or similar rights under an equity incentive plan or other plan or arrangement:

<u>Name</u>	<u>Grant Date</u>	<u>Option Awards(1): Number of Securities Underlying Options (#)</u>	<u>Exercise or Base Price of Option Awards (\$/Sh)</u>	<u>Grant Date Fair Value of Option Awards</u>
Mark C. Miller	2/09/10	242,253	\$ 51.55	\$ 3,156,002
Mark C. Miller	2/10/10	20,000	\$ 51.20	\$ 262,588
Frank J.M. ten Brink	2/09/10	79,718	\$ 51.55	\$ 1,048,627
Richard T. Kogler	2/09/10	79,718	\$ 51.55	\$ 1,048,627
Michael J. Collins	2/09/10	33,479	\$ 51.55	\$ 438,746
Richard L. Foss	2/09/10	45,813	\$ 51.55	\$ 588,251

- (1) All of these options were granted under our 2008 Incentive Stock Plan. This column includes options granted in February 2010 by reason of the named executive officers' conversion, pursuant to our bonus conversion program, of all or part of their respective performance bonuses for 2009. It does not include options granted in February 2011 by reason of the named executive officers' conversion, pursuant to our bonus conversion program, of all or part of their respective performance bonuses for 2010.

At the Compensation Committee's meeting in February 2011, the Committee determined the annual stock option grants to executive officers and employees generally. The Committee granted options for a total of 337,810 shares to our executive officers as follows: Mr. Miller, 159,150 shares; Messrs. ten Brink and Kogler, each 59,850 shares; Mr. Alutto 31,890 shares; and Mr. Collins, 27,070 shares. All of these options have an exercise price per share of \$85.00 (the closing price of our stock on the option grant date of February 8, 2011).

At the same meeting, the Compensation Committee also granted options to our executive officers by reason of their conversion of all or part of their respective performance bonuses for 2010 pursuant to our bonus conversion program. Mr. Miller was granted an option for 36,081 shares by reason of his conversion of his entire performance bonus; Mr. ten Brink was granted an option for 4,330 shares by reason of his conversion of \$68,850 of his performance bonus; Mr. Kogler was also granted an option for 4,330 shares by reason of his conversion of \$68,850 of his performance bonus; Mr. Collins was granted an option for 3,170 shares by reason of his conversion of \$50,400 of his performance bonus; and Mr. Foss was granted an option for 15,849 shares by reason of his conversion of his entire performance bonus. All of these options have an exercise price per share of \$85.00 (the closing price of our stock on the option grant date of February 8, 2011).

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table provides information about the outstanding stock options held by the named executive officers as of December 31, 2010.

We did not make any awards to our named executive officers during 2010 or earlier of shares of restricted stock, restricted stock units or similar rights under an equity incentive plan or other plan or arrangement, and accordingly, no such shares, units or rights were held by any of our executive officers as of December 31, 2010:

Name	Option Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date(1)
Mark C. Miller	135,634		\$ 22.90	2/15/2015
	99,188	21,000	\$ 29.54	2/3/2016
	67,946	34,400	\$ 38.57	2/6/2017
	69,393	51,000	\$ 53.15	2/15/2018
	57,076	105,600	\$ 46.83	2/10/2019
	42,253	200,000	\$ 51.55	2/9/2020
		20,000	\$ 51.20	2/10/2020
Frank J.M. ten Brink	4,488		\$ 17.53	1/16/2013
	5,716		\$ 22.11	2/2/2014
	5,640		\$ 22.90	2/15/2015
	38,400	9,600	\$ 29.54	2/3/2016
	27,600	18,400	\$ 38.57	2/6/2017
	21,174	23,400	\$ 53.15	2/15/2018
	15,051	46,400	\$ 46.83	2/10/2019
4,718	75,000	\$ 51.55	2/9/2020	
Richard T. Kogler	2,716		\$ 22.11	2/2/2014
	5,640		\$ 22.90	2/15/2015
	13,119	12,306	\$ 29.54	2/3/2016
	27,600	18,400	\$ 38.57	2/6/2017
	23,563	23,400	\$ 53.15	2/15/2018
	15,051	46,400	\$ 46.83	2/10/2019
4,718	75,000	\$ 51.55	2/9/2020	
Michael J. Collins		24,800	\$ 32.21	6/26/2016
	26,400	17,600	\$ 38.57	2/6/2017
	16,470	19,200	\$ 53.15	2/15/2018
	9,981	27,200	\$ 46.83	2/10/2019
	3,479	30,000	\$ 51.55	2/9/2020
Richard L. Foss	80,000		\$ 17.72	2/28/2013
	60,886		\$ 22.11	2/2/2014
	45,288		\$ 22.90	2/15/2015
	26,400	6,600	\$ 29.54	2/3/2016

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30,502	17,600	\$ 38.57	2/6/2017
26,145	19,200	\$ 53.15	2/15/2018
18,366	27,200	\$ 46.83	2/10/2019
15,813	30,000	\$ 51.55	2/9/2020

- (1) Our options have 10-year terms and expire on the tenth anniversary of the option grant date. Options generally vest at the rate of one-fifth (20%) of the option shares on each of the first five anniversaries of the option grant date. Options granted pursuant to our bonus conversion program are immediately vested.

**Table of Contents****OPTION EXERCISES AND STOCK VESTED**

The following table provides information about option exercises by the named executive officers during 2010. We have not awarded shares of restricted stock, restricted stock units or similar rights to any of our named executive officers, and accordingly no such shares, units or rights vested during 2010:

Name	Option Awards	
	Number of Shares Acquired on Exercise(1) (#)	Value Realized on Exercise(2) (\$)
Mark C. Miller	243,734	\$ 9,214,599
Frank J.M. ten Brink	135,452	\$ 5,859,712
Richard T. Kogler	140,997	\$ 5,996,522
Michael J. Collins	49,600	\$ 1,973,636
Richard L. Foss		

- (1) The information in this column is provided on an aggregate basis, and includes (i) option shares canceled in a net exercise of the option (in which option shares with a value equal to the exercise price and related withholding taxes are canceled in satisfaction of those amounts) and (ii) option shares acquired and concurrently sold to pay the exercise price and related withholding taxes in a cashless exercise of the option through a broker.
- (2) The information in this column is provided on an aggregate basis. The value realized on the exercise of an option was determined by multiplying the number of shares for which the option was exercised by the difference between (i) either (A) the closing price of our common stock on the date of exercise, in the case of payment of the exercise price in cash or by delivery of shares of our common stock for cancellation or by a net exercise of the option, or (B) the sales price, in the case of a cashless exercise of the option, and (ii) the exercise price per share of the option.

**DIRECTOR COMPENSATION**

The following table provides information about the compensation paid to our directors in 2010:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards \$(1)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Mark C. Miller, Chairman(2)						
Jack W. Schuler, Lead Director			\$ 156,683			\$ 156,683
Thomas D. Brown			\$ 156,683			\$ 156,683
Rod F. Dammeyer			\$ 169,224			\$ 169,224

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William K. Hall	\$ 156,683	\$ 156,683
Jonathan T. Lord, M.D.	\$ 162,962	\$ 162,962
John Patience	\$ 156,683	\$ 156,683
James W.P. Reid-Anderson(3)	\$ 156,683	\$ 156,683
Ronald G. Spaeth	\$ 156,683	\$ 156,683

- (1) The amounts in this column represent the fair value of options that we granted in 2010 determined in accordance with FASB ASC Topic 718, excluding the effect of the expected forfeiture rate. The assumptions made in the valuation of these stock options are described at the end of Note 7, Stock Based Compensation, to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2010 (available at [www.stericycle.com](http://www.stericycle.com)).

## **Table of Contents**

As of December 31, 2010, our outside directors held vested and unvested options for the following number of shares of our common stock: Mr. Schuler, 23,571 shares; Mr. Brown, 42,781 shares; Mr. Dammeyer, 75,413 shares; Mr. Hall, 64,513 shares; Dr. Lord, 76,259 shares; Mr. Patience, 71,715 shares; Mr. Reid-Anderson, 28,677 shares; and Mr. Spaeth, 37,781 shares.

- (2) Mr. Miller is our Chief Executive Officer and receives no additional compensation for his services as our Chairman of the Board or a director.

## **Compensation in 2010**

We did not pay any fees or other cash compensation to our directors who served during 2010 or provide them with any perquisites or other personal benefits. Pursuant to our Outside Directors Compensation Plan, we granted an option for 9,433 shares to each of our outside directors elected at the annual meeting of stockholders in May 2010. The number of option shares was determined by dividing (i) the product of four times the director's annual compensation of \$125,000 by (ii) the average closing price of a share of our common stock during the 12-month period ending on the last trading day prior to the annual meeting (\$53.01). The exercise price per share was the closing price of our common stock on the day of the annual meeting (\$56.70), and the option vests on the first anniversary of the meeting (May 25, 2011). Mr. Dammeyer and Dr. Lord received options for an additional 755 and 378 shares for their services as chairmen of the Audit and Compensation Committees, respectively.

## **Outside Directors Compensation Plan**

Under our Outside Directors Compensation Plan, which our Board of Directors adopted in August 2006 and amended in November 2006, each director's annual compensation for his services is \$125,000. The Board may review and update this amount from time to time based on informal surveys of outside directors' compensation. Subject to the election by an eligible director to receive up to 50% of his annual compensation in cash, the normal form of payment of an outside director's annual compensation is a stock option reflecting a conversion of the cash compensation. This option is granted upon a director's reelection as a director at the annual meeting of stockholders each year.

The option is for a number of shares equal to the quotient obtained by dividing (i) four times the amount of cash compensation to be converted into an option by (ii) the average closing price of our stock during the period from the prior year's annual meeting through the last trading day before the current annual meeting. The exercise price of the option is the closing price on the day of the annual meeting, and the option vests on the first anniversary of the annual meeting. Any portion of a director's annual compensation that he elects to receive in cash is paid in arrears at the time of vesting of the portion converted into an option (i.e., on the first anniversary of the annual meeting).

## **Stock Ownership Requirements**

Under our Outside Directors Compensation Plan, all directors are required to hold a minimum position in our stock. For a director with less than five years' service, he must have a position equal to three times his current annual compensation, or \$375,000. For a director with five or more years of service, he must have a position equal to five times his current annual compensation, or \$625,000. A director's ownership position is measured by the value of our common stock that he owns directly and indirectly and the in-the-money value of the vested and unvested stock options that he holds.

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A director who satisfies the minimum ownership requirement may elect to receive up to 50% of his annual compensation in cash. A director who does not satisfy the minimum ownership requirement must receive his annual compensation in the normal form of payment as a stock option. A director who does not satisfy the applicable minimum ownership requirement may not sell any shares of our stock, with the exception that the director may engage in a cashless exercise of an option and sell a number of shares sufficient to pay the exercise price of the option shares and the related withholding taxes.



## **Table of Contents**

All of our directors currently satisfy the applicable minimum stock ownership requirement.

### **Meeting and Other Fees**

Under our Outside Directors Compensation Plan, directors are not paid separate fees for attending meetings of the Board of Directors or its committees. No fees are paid to the Chairman of the Board for his service as chairman. The chairman of the Audit Committee is paid a fee of \$10,000 per year for his service as chairman, and the chairman of the Compensation Committee is paid a fee of \$5,000 per year for his service as chairman.

The fees to the chairmen of the Audit and Compensation Committees are paid by adding each chairman's fee to and treating it as a part of his annual compensation as a director, with the effect of making 50% of each chairman's fee eligible to be received in cash (if the chairman satisfies the applicable minimum ownership requirement) and converting the balance of the fee (or the entire fee, if the chairman does not satisfy the minimum ownership requirement) into an option.

### **Option Grants to New Directors**

Our Outside Directors Compensation Plan provides that a new director will be granted two stock options upon joining the Board. The first option, for joining the Board, is for a number of shares equal to the quotient obtained by dividing (i) the product of eight times the director's annual compensation by (ii) the average closing price of our common stock during the 12-month period ending on the last trading day before the director's election to the Board. The exercise price of the option is the closing price on the day of the director's election, and one-fifth of the option shares vest on each of the first five anniversaries of the director's election.

The new director will also be granted an option reflecting his annual compensation as a director. If the new director is elected at an annual meeting, the option is the same as the options that the other directors elected at the annual meeting receive. If the new director is elected by the Board to fill a vacancy, the option is for a number of shares equal to a pro rata portion of the quotient obtained by dividing (i) the product of four times the director's annual compensation by (ii) the average closing price of our common stock during the 12-month period ending on the last trading day before the director's election to the Board. The exercise price of the option is the closing price on the day of the director's election, and the option vests on the first anniversary of the prior annual meeting.

**Table of Contents**

**Item 2**

**APPROVAL OF 2011 INCENTIVE STOCK PLAN**

**Introduction**

In February 2011, our Board of Directors recommended submitting the Stericycle, Inc. 2011 Incentive Stock Plan (the 2011 Plan or plan ) to our stockholders for their approval at the 2011 Annual Meeting. The 2011 Plan will not become effective unless it is approved by our stockholders.

The purpose of the 2011 Plan is to recognize and reward selected officers, directors and employees for their efforts on the Company's behalf, to motivate them by appropriate incentives to contribute to the Company's attainment of its performance objectives, and to align their interests with those of the Company's other stockholders through compensation based on the performance of the Company's common stock.

The plan authorizes a maximum of 3,000,000 shares of our common stock for issuance pursuant to options, stock appreciation rights ( SARs ), shares of restricted stock and restricted stock units awarded under the plan.

While the 2011 Plan authorizes the award of SARs, shares of restricted stock and restricted stock units, the plan includes these features largely to provide us with flexibility in the future in providing equity compensation incentives in a changing accounting environment. At present, we contemplate that if the plan is approved by our stockholders, we would use the plan principally to grant stock options and would not use it to any significant degree to award SARs, shares of restricted stock or restricted stock units.

As of March 1, 2011, there were 212,989 shares of our common stock available for stock option grants and other awards under our 2005 Incentive Stock Plan and 1,184,501 shares available for grants and awards under our 2008 Incentive Stock Plan. No shares were available for grants and awards under any of our other stock option plans, all of which previously expired in accordance with their respective terms.

**Summary of Principal Terms**

The following summary describes the principal terms of the 2011 Plan. The complete text of the plan appears as **Exhibit A** to this proxy statement. The 2011 Plan is substantially identical to our 2008 Incentive Stock Plan.

**Types of Awards.** The plan permits the award of stock options, stock appreciation rights (either alone or in tandem with stock options), shares of restricted stock and restricted stock units ( RSUs ).

**Number of Shares.** The plan authorizes a total of 3,000,000 shares of our common stock to be issued pursuant to awards under the plan.

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In determining the shares available for awards under the plan, the shares for which stock options and SARs are granted count against this maximum on a 1-for-1 basis, and the shares for which restricted stock and RSU awards are granted count against this maximum on a 2-for-1 basis (so that each share for which a restricted stock or RSU award is granted reduces by two shares the number of shares available for which awards may be granted).

If a stock option or SAR lapses or expires unexercised or if a restricted stock or RSU award lapses, the number of shares in respect of which the stock option or SAR lapsed or expired, or twice the number of shares in respect of which the restricted stock or RSU award lapsed, is added back to the number of shares available for which awards may be granted.

**Eligibility.** The plan authorizes awards to be made to full-time and part-time employees of ours (or of subsidiaries of ours) and to individuals serving as consultants, with the exception that incentive stock options may be granted only to employees.

## **Table of Contents**

**Individual Limit on Awards.** In any calendar year, the maximum number of shares for which awards may be granted to any person may not exceed 250,000 shares in the case of stock options and SARS and 100,000 shares in the case of restricted stock and RSU awards, in each case taking into account all similar types of grants and awards under other stock option and equity compensation plans of ours (other than our bonus conversion program and our employee stock purchase plan).

**Term of Plan.** The plan has a 10-year term which will begin on the date of approval of the plan by our stockholders. No award under the plan may be made after the plan's expiration.

**Administration.** The plan is administered by a committee of the Board of Directors (the Committee). The Committee is required to consist of two or more directors, all of whom are (i) non-employee directors as defined in Rule 16b-3 under the Securities Exchange Act of 1934, (ii) independent directors under the applicable listing standards of the NASDAQ Global Select Market and (iii) outside directors under § 162(m) of the Internal Revenue Code. Unless the Board designates a different committee, the Compensation Committee of the Board will serve as the Committee (as long as all of the members of the Compensation Committee qualify).

Subject to the express terms of the plan, the Committee has the authority to select the recipients, number of shares and other terms and conditions of each award under the plan. The Committee also has the authority to interpret the plan, adopt, revise and rescind policies and procedures to administer the plan, and make all determinations required for the plan's administration.

**Performance Goals.** The Committee may condition the vesting of any award under the plan on the attainment of one or more performance goals relating to the Company as a whole or to a line of business, business unit or subsidiary. Performance goals may differ among employees and from award to award. The performance goals that the Committee specifies may relate to: earnings per share; earnings before interest, taxes, depreciation and amortization; revenues; income from operations; return on invested capital; return on assets; internal rate of return; return on stockholders' equity; and total return to stockholders.

**Stock Options.** Stock options granted under the plan may be either incentive stock options intended to satisfy the requirements of section 422 of the Internal Revenue Code (ISOs) or nonstatutory stock options (NSOs). A nonstatutory stock option is the generic term for a stock option that does not qualify for special treatment under the Internal Revenue Code.

**Term.** The Committee determines the term of each stock option at the time of the grant. No option may have a term of more than 10 years.

**Exercise Price.** The exercise price per share of each stock option may not be less than the closing price of a share of our common stock on the date that the option is granted.

**Vesting.** The Committee specifies the time or times when each option becomes vested (i.e., exercisable). Vesting may be based on the holder's continued service or on the satisfaction of specified performance goals or other conditions. The Committee may accelerate the vesting of an option at any time. An employee's option becomes fully vested if the employee's employment terminates by reason of his or her death. If the employee's employment terminates for any other reason, any unvested portion of the option will lapse.

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*Exercisability.* Once vested, an option remains exercisable for the term of the option, subject to early expiration in certain circumstances. If an employee's employment terminates for any reason other than the employee's death, each option that the employee holds expires as specified in the underlying award agreement, or if no expiration date is specified, 30 days after the employee's termination. If an employee's employment terminates by reason of his or her death, the option expires on the first anniversary of the employee's death. The Committee may extend the expiration date of an option up to the last day of the option's term.

## **Table of Contents**

*Manner of Exercise.* The holder of an option may exercise the vested portion of the option by giving written notice to the Committee, specifying the number of shares of common stock for which the option is being exercised, and tendering payment of the exercise price. The exercise price is payable in cash or, if permitted by the Committee, either in the underlying award agreement or at the time of exercise, by (i) delivering shares of our stock having a fair market value equal to the exercise price, (ii) directing us to withhold, from the shares otherwise issuable upon exercise of the option, shares of stock having a fair market value equal to the exercise price, (iii) an open-market broker-assisted sale pursuant to which we receive the portion of the sales proceeds equal to the exercise price, or (iv) any combination of these methods or any other method that the Committee authorizes.

*No Repricing.* Options may not be repriced unless the repricing is approved by our stockholders.

*Special Limitations on ISOs.* To the extent that the aggregate fair market value (determined in respect of each ISO on the basis of the fair market value of a share of our common stock on the ISO's grant date) of the underlying shares of all ISOs that become exercisable by an employee for the first time in any calendar year exceeds \$100,000, the options are treated as NSOs.

*Transferability.* No option may be transferred, assigned or pledged, except at death in accordance with the decedent's will or the applicable laws of intestacy, or as provided in the underlying award agreement or as the Committee otherwise permits, or if (i) the transferee is a revocable trust that the employee established for estate planning reasons (in respect of which the employee is treated as the owner for federal income tax purposes) or (ii) the transferee is the spouse of the employee or a child, step-child, grandchild, parent, sibling or child of a sibling of the employee (each an eligible transferee), a custodian for an eligible transferee under any Uniform Transfers to Minors Act or Uniform Gifts to Minors Act or a trust for the primary benefit of one or more eligible transferees.

**Stock Appreciation Rights.** A stock appreciation right entitles the holder to receive the appreciation in value over a specified period of the number of shares of our common stock for which the SAR is awarded. The holder receives in settlement of the SAR an amount equal to the excess of the fair market value of a share of our common stock on the date of exercise of the SAR over the base price of the SAR, multiplied by the SAR's number of shares. The Committee determines the vesting requirements, type of settlement and other terms of each SAR.

*Base Price.* The base price per share of each SAR may not be less than the closing price of a share of our common stock on the date that the SAR is granted.

*Stand-Alone or Tandem SAR.* A SAR may be granted on a stand-alone basis or in tandem with a related stock option. A tandem SAR entitles the employee to elect to exercise either the SAR or the related option as to all or any portion of the shares subject to the SAR and option. The exercise of a tandem SAR causes the automatic cancellation of its related option for the same number of shares, and the exercise, expiration or cancellation of the related option (other than by reason of the exercise of the tandem SAR) causes the automatic and immediate cancellation of the tandem SAR for the same number of shares.

*Manner of Exercise.* The holder of an SAR may exercise the vested portion of a SAR by giving written notice to the Committee, specifying the number of shares of common stock for which the SAR is being exercised. Unlike the case with a stock option, no exercise price is required to be paid.

*No Repricing.* SARs may not be repriced unless the repricing is approved by our stockholders.

*Settlement.* Upon exercise, a SAR may be settled in cash or in shares of our stock, or a combination of the two, in the Committee's discretion. The settlement will be made on the basis of the closing price of a share of our common stock on the date of exercise of the SAR.

## **Table of Contents**

*Similarity to Options.* Many of the same terms of the plan that apply to stock option grants apply as well to awards of SARs. See *Stock Options Term, Vesting, Exercisability and Transferability.*

**Restricted Stock.** An award of restricted shares is an award of shares of our common stock subject to vesting requirements, restrictions on transfer and other conditions as the Committee determines.

*Vesting.* The Committee specifies the time or times when the restricted shares become vested (i.e., no longer subject to forfeiture). Vesting may be based on continued service or on the satisfaction of specified performance goals or other conditions. The Committee may accelerate the vesting of the restricted shares at any time.

*Transferability.* Prior to vesting, restricted shares may not be transferred or pledged. After vesting, the shares may still remain subject to restrictions on transfer under applicable securities laws and any restrictions that the Committee imposes in the award agreement.

*Rights as Stockholder.* Subject to the vesting requirements, transfer restrictions and other conditions of the award, the recipient of an award of restricted shares has all of the rights of a stockholder in respect of the restricted shares, including all voting and dividend rights.

**Restricted Stock Units.** A RSU unit award entitles the holder to receive a payment equal to the value of a share of our common stock at the time of payment multiplied by the number of shares subject to the award. The Committee determines the vesting requirements, type of settlement and other terms of each restricted stock unit award.

*Vesting.* The Committee specifies the time or times when the RSUs become vested (i.e., no longer subject to forfeiture). Vesting may be based on continued service or on the satisfaction of specified performance goals or other conditions. The Committee may accelerate the vesting of the RSUs at any time.

*Settlement.* A RSU award may be settled in cash or in shares of our stock, or a combination of the two, in the Committee's discretion. The settlement will be made on the basis of the closing price of a share of our common stock on the date that the award becomes payable.

*Rights as Stockholder.* The holder of a RSU award does not have any rights as a stockholder in respect of the shares subject to the award until the award is settled in stock and those shares have been issued to the holder.

**Amendment and Termination.** Our Board of Directors may amend, suspend or terminate the 2011 Plan at any time. Our stockholders are required to approve any amendment to the plan that would increase the number of shares of our common stock for which ISOs may be granted under the Plan or that would materially increase the number of shares of our common stock for which other types of awards may be made.



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**Change of Control.** In the event of a change of control as defined in the 2011 Plan, all outstanding stock options, SARs and RSU awards will become fully vested and exercisable and all restrictions on the shares underlying restricted stock awards will lapse.

### **Federal Income Tax Consequences**

**Stock Options.** The federal income tax treatment of ISOs and NSOs is significantly different.

The grant of an ISO or NSO will not result in any federal income tax consequences to the holder of the option or to us.

The exercise of an ISO will not result in any regular income tax to the holder of the option or any income tax consequences to us. The exercise of an ISO, however, may affect the holder's alternative minimum tax.

## **Table of Contents**

liability. Unless the shares acquired upon exercise of the ISO are disposed of in the same year, the holder's alternative minimum taxable income will be increased in an amount equal to the excess of (i) the fair market value on the date of exercise of the shares acquired over (ii) the exercise price of the ISO.

The exercise of a NSO will result in ordinary income to the holder in an amount equal to the excess of (i) the fair market value on the date of exercise of the shares acquired over (ii) the exercise price of the NSO. We will be entitled to an income tax deduction in the same amount. If, however, payment of the exercise price of the NSO is made by delivering shares of our common stock that the holder already owns, a number of new shares equal to the number of shares delivered in payment of the exercise price will be considered to have been received in a tax-free exchange, and the holder's basis and holding period for those new shares will be equal to holder's basis and holding period for the shares delivered in payment. The holder will realize ordinary income equal to the fair market value on the date of exercise of the balance of the new shares received upon exercise of the NSO, and the holder's basis in those new shares will be equal to the ordinary income realized and his or her holding period in respect of those shares will begin on the date of exercise of the NSO. In either situation, we will be entitled to an income tax deduction corresponding to the holder's ordinary income.

Gain on the sale of shares acquired upon the exercise of an ISO is measured by the excess of (i) the amount realized on the sale of the shares over (ii) the exercise price of the ISO. If the shares acquired upon the exercise of an ISO are not sold within one year from the date of exercise or two years from the grant date of the ISO, the holder's gain on the sale of the shares will be treated as long-term capital gain. If the shares are sold within either of these periods, a portion of the holder's gain will be treated as ordinary income and the balance, if any, will be treated as short-term or long-term capital gain (depending upon whether the shares were held for more than one year). The portion treated as ordinary income is equal to the excess of (i) the lesser of (a) the fair market value on the date of exercise of the shares sold or (b) the amount realized on the sale of the shares, over (ii) the exercise price of the ISO. We will be entitled to an income tax deduction in the year of sale in an amount equal to the portion of the holder's gain treated as ordinary income.

Gain on the sale of shares acquired upon exercise of a NSO is measured by the excess of (i) the amount realized on the sale of the shares over (ii) the holder's adjusted basis in those shares. The holder's adjusted basis is the sum of (i) the exercise price of the NSO and (ii) the ordinary income realized upon the exercise of the NSO. The holder's gain on the sale of the shares will be treated as long-term or short-term capital gain (depending upon whether the shares were held for more than one year).

**Stock Appreciation Rights.** The holder of a SAR will not recognize taxable income when the SAR is granted. Upon exercise of the SAR, the amount paid in settlement, whether in cash or shares of our common stock, will be taxed as ordinary income to the holder. We will be entitled to a corresponding income tax deduction.

In the case of a tandem SAR, the tax consequences upon exercise of the SAR will be the same if the holder elects to surrender the related stock option. If the holder instead elects to exercise the tandem stock option and the SAR is automatically cancelled, the cancellation of the SAR will not be taxable to the holder.

**Restricted Stock Awards.** An award of shares of restricted stock is not generally a taxable event. The holder of an award of restricted shares will realize ordinary income each year in which the award vests in an amount equal to the fair market value at the time of vesting of the shares that vest. We will be entitled to a corresponding income tax deduction. The holder's basis in those shares will be the amount of his or her ordinary income, and any gain or loss recognized on a subsequent sale of those shares will be treated as short-term or long-term capital gain (depending upon whether the shares were held for more than one year).

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**RSUs.** An award of RSUs units is not generally a taxable event. The holder of a RSU award will realize ordinary income each year in which units vest in an amount equal to the amount paid in settlement of the vested units, whether paid in cash or shares of our common stock. We will be entitled to a corresponding income tax

**Table of Contents**

deduction. The holder's basis in any shares paid in settlement will be the amount of his or her ordinary income, and any gain or loss recognized on a subsequent sale of those shares will be treated as short-term or long-term capital gain (depending upon whether the shares were held for more than one year).

**Recommendation of Board of Directors**

The Board of Directors believes that the 2011 Plan will provide an attractive benefit which will enhance our ability to continue to attract and retain dedicated and motivated employees who are critical to our success.

**The Board of Directors recommends that stockholders vote FOR approval of the 2011 Incentive Stock Plan.**

**Table of Contents**

**Item 3**

**RATIFICATION OF APPOINTMENT OF  
INDEPENDENT PUBLIC ACCOUNTING FIRM**

We have appointed Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011. Ernst & Young LLP has served as our independent registered public accounting firm since our incorporation in March 1989. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting to respond to appropriate questions and will have the opportunity to make a statement if they desire to do so.

**Audit Fees**

The aggregate fees billed by Ernst & Young LLP for professional services rendered in connection with the audit of our annual financial statements, audit of our internal control over financial reporting and review of our interim financial statements included in our quarterly reports on Form 10-Q for the fiscal years ended December 31, 2010 and 2009 were approximately \$1.5 million and \$1.3 million, respectively.

**Audit-Related Fees**

Ernst & Young LLP did not provide any audit-related services or other assurance or related services to us during the fiscal years ended December 31, 2010 and 2009.

**Tax Fees**

Ernst & Young did not provide any tax compliance, tax advice or tax planning services to us during the fiscal years ended December 31, 2010 and 2009.

**All Other Fees**

Ernst & Young LLP did not provide any other services to us during the fiscal years ended December 31, 2010 and 2009.

In accordance with policies adopted by the Audit Committee of our Board of Directors, all audit and non-audit related services to be performed for us by our independent public accountants must be approved in advance by the Committee.

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Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm will require the affirmative vote of holders of a majority of the voting power present in person or represented by proxy and entitled to vote at the Annual Meeting. If our stockholders do not ratify the appointment of Ernst & Young LLP, our Board of Directors may reconsider their appointment.

**The Board of Directors recommends that stockholders vote FOR ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.**

**Table of Contents**

**Item 4**

**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Under recent changes to the rules governing proxy statements, our stockholders have the opportunity to approve, by means of a non-binding advisory vote, the compensation of our named executive officers as disclosed in this proxy statement.

This proposal, popularly known as say-on-pay, enables stockholders to express or withhold their approval of our executive compensation program in general. The vote is intended to provide an assessment by our stockholders of our overall executive compensation program and not of any one or more particular elements of that program. The Compensation Committee and the full Board intend to consider and take into account the outcome of this non-binding advisory vote in making future executive compensation decisions. Because this vote is advisory and non-binding, it will not necessarily affect or otherwise limit any future compensation of any of our named executive officers.

Our executive compensation program is described in the Compensation Discussion and Analysis section of this proxy statement and the related tables and narrative discussion. Stockholders are strongly urged to read this material in its entirety, and in particular to read the Overview on pages 15-17, to obtain an informed understanding of our executive compensation program.

We believe that our executive compensation program is firmly aligned with the long-term interests of our stockholders. In addition to enabling us to attract and retain executive officers of the necessary caliber, our executive compensation program has as its objectives (i) making a substantial portion of our executive officers' compensation dependent on the Company's attainment of a measurable Company-wide performance target and (ii) structuring most of their compensation so that they benefit only if all of our stockholders benefit.

We believe that our executive compensation program satisfies these objectives and does so in a straightforward manner which has remained essentially unchanged in design for more than 15 years. Our executive compensation program consists of cash compensation and long-term incentive compensation. Cash compensation is paid in the form of a base salary and a performance bonus based on EBITDA (earnings before interest, taxes, depreciation and amortization), and long-term incentive compensation is paid in the form of stock options. Performance bonuses are dependent on Company-wide performance, and stock options, which are only granted at the closing market price on the date of grant, are dependent for their value on the subsequent growth in value of our stock. Performance bonuses represented 20.2% and stock options represented 65.0% of our executive officers' compensation during 2010 and together represented 79.1% and 81.0% of their compensation during 2008 and 2009, respectively.

For these reasons and the reasons elaborated more fully in the Compensation Discussion and Analysis section and the related tables and narrative discussion, the Board of Directors requests stockholders to approve the following resolution:

Resolved, that the stockholders approve the compensation paid to the Company's named executive officers, as disclosed in this proxy statement, including the Compensation Discussion and Analysis section and the related compensation tables and narrative discussion.

**The Board of Directors recommends a vote FOR this resolution approving the compensation of our named executive officers.**





**Table of Contents**

**Item 5**

**ADVISORY VOTE ON THE FREQUENCY OF  
THE ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Under the same recent changes to the rules governing proxy statements that require a say-on-pay vote (Item 4), our stockholders also have the opportunity to recommend, by means of a non-binding advisory vote, the frequency with which the say-on-pay vote will be held. This vote is required at least once every six years beginning with the 2011 Annual Meeting.

The Board of Directors encourages stockholders to communicate their views on our executive compensation program, whether pursuant to a say-on-pay advisory vote or whenever they otherwise desire, but believes that it would be appropriate to hold the say-on-pay vote every three years instead of more frequently.

There are three reasons for the Board's view. First, an annual vote may not allow the Board sufficient time to consider the results of the say-on-pay vote and decide what compensation changes, if any, to implement in response. Understanding the reasons underlying a say-on-pay vote may require an informal dialogue with stockholders that may take considerable time to complete.

Second, if the Board were to implement any changes in our executive compensation program in light of a say-on-pay vote and a subsequent dialogue with stockholders, an annual vote may not permit those changes to be in place long enough for our stockholders to evaluate the changes. For example, if we were to make any executive compensation changes following the say-on-pay vote at the 2011 Annual Meeting, the time taken to make those changes, or the nature of those changes, may dictate that they become effective only as of January 1, 2012. In this case, the proxy statement for the 2012 Annual Meeting could at most describe those changes but could not report any results of those changes for our stockholders to assess.

Finally, our executive compensation program is straightforward and stable and has remained essentially unchanged in design for more than 15 years. Because our executive compensation program is both understandable and consistent, the Board believes that a say-on-pay vote every three years is more appropriate than a vote every year or every two years.

The vote on the frequency of the say-on-pay vote is advisory and non-binding. The Board of Directors intends to consider and take into account the stockholders' recommendation in making future decisions on the frequency of the say-on-pay vote.

Stockholders will vote on the following resolution:

Resolved, that the stockholders recommend that the non-binding advisory vote to approve the compensation paid the Company's named executive officers be held with the following frequency:

every year

every two years

every three years

abstain from voting

The frequency receiving the highest number of votes will be considered the frequency recommended by the stockholders.

**The Board of Directors recommends a vote FOR EVERY THREE YEARS as the frequency of the non-binding advisory vote to approve the compensation paid to the Company's named executive officers.**

**Table of Contents**

**OTHER MATTERS**

As of the date of this proxy statement, our Board of Directors does not know of any other business to come before the Annual Meeting for consideration by our stockholders. If any other business should properly come before the meeting, the persons named as proxies in the accompanying proxy card will vote the shares of stock represented by the proxy in accordance with their judgment.

**STOCKHOLDER PROPOSALS FOR THE 2012 ANNUAL MEETING**

Any stockholder who wishes to present a proposal for consideration at our 2012 Annual Meeting of Stockholders, and to have the proposal included in our proxy statement for the meeting, must submit the proposal to us by December 17, 2011. In accordance with our bylaws, any stockholder who wishes to present a proposal from the floor for consideration at our 2012 Annual Meeting of Stockholders must submit the proposal to us no earlier than January 26, 2012 and no later than February 15, 2012.

Stockholder proposals for inclusion in our proxy statement must comply with the rules of the Securities and Exchange Commission in order to be included. Stockholder proposals should be sent to Investor Relations, Stericycle, Inc., 28161 North Keith Drive, Lake Forest, Illinois 60045.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act requires our directors, executive officers and persons beneficially owning more than 10% of our outstanding common stock to file periodic reports of stock ownership and stock transactions with the Securities and Exchange Commission. On the basis of a review of copies of these reports, we believe that all filing requirements for 2010 were satisfied in a timely manner.

**ADDITIONAL INFORMATION**

We will provide a copy of our annual report on Form 10-K for the fiscal year ended December 31, 2010 without charge to each stockholder as of the record date who sends a written request to Investor Relations, Stericycle, Inc., 28161 North Keith Drive, Lake Forest, Illinois 60045. Copies of this Proxy Statement and our Form 10-K as filed with the Securities and Exchange Commission are available in pdf format on our website, [www.stericycle.com](http://www.stericycle.com). Copies of this Proxy Statement and our Form 10-K also may be accessed directly from the SEC's website, [www.sec.gov](http://www.sec.gov).

**Table of Contents**

**Exhibit A**

**Stericycle, Inc. 2011 Incentive Stock Plan**

**Article 1**

**Purpose**

The purpose of this plan is to recognize and reward participants for their efforts on the Company's behalf, to motivate participants by appropriate incentives to contribute to the Company's attainment of its performance objectives, and to align participants' interests with those of the Company's other stockholders through compensation based on the performance of the Company's common stock.

**Article 2**

**Definitions**

**Award** means an Option, SAR Award, Restricted Stock Award or RSU Award under the Plan.

**Award Agreement** means a written or electronic agreement between the Company and a Participant incorporating the terms of an Award to the Participant.

**Board** means the Company's Board of Directors.

**Change of Control** is defined in Article 7. The terms continuing Director, appointed Director and elected Director are also defined in Article 7.

**Code** means the Internal Revenue Code of 1986, as amended.

**common stock** means the Company's common stock, par value \$.01 per share.

**Committee** is defined in Paragraph 3.1. Unless the Board designates a different committee, the Compensation Committee of the Board shall serve as the Committee (as long as all of the members of the Compensation Committee qualify under Paragraph 3.1).

**Company** means Stericycle, Inc., a Delaware corporation.

**Consultant** means any individual who provides *bona fide* consulting or advisory services to the Company or a Subsidiary.

**Director** means a director of the Company.

**Eligible Person** means, in respect of all types of Awards except ISOs, any Employee, Director or Consultant and, in respect of ISOs, any Employee.

**Employee** means a full-time or part-time employee of the Company or a Subsidiary.

**Exchange Act** means the Securities Exchange Act of 1934, as amended.

**Expiration Date** means the last day on which an Option or SAR may be exercised.

**Fair Market Value** means, for a given day, the last reported sales price of a share of common stock on The NASDAQ National Market (or if the day in question is not a trading day, the last reported sales price on the most recent trading day).

**Grant Date** means, in respect of an Award, the date that the Committee grants the Award or any later date that the Committee specifies as the effective date of the Award.

**Table of Contents**

**ISO** means an incentive stock option described in §422 of the Code.

**NSO** means a nonstatutory stock option (i.e., any stock option other than an ISO).

**Option** means an award pursuant to Article 5 of an option to purchase shares of common stock. The Committee shall designate at the time of grant whether an Option is an ISO or a NSO.

**Participant** means an Eligible Person who holds an Award under the Plan.

**Performance Goals** means one or more of the following objective performance goals for the Company, a division or a Subsidiary, measured over a 12-month or longer period and specified either in absolute terms or in percentage terms relative to a target, base period, index or peer group:

earnings per share

earnings before interest, taxes, depreciation and amortization

revenues

income from operations

return on invested capital

return on assets

internal rate of return

return on stockholders' equity

total return to stockholders

**Plan** means this plan, as it may be amended. The name of this Plan is the Stericycle, Inc. 2011 Incentive Stock Plan.

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**Restricted Shares** means shares of common stock subject to a risk of forfeiture or other restrictions that will lapse if and when specified service requirements, Performance Goals or other conditions are satisfied.

**Restricted Stock Award** means an award of Restricted Shares pursuant to Article 6.

**Restricted Stock Unit** means a contractual right to receive one share of common stock in the future if and when specified service requirements, performance goals or other conditions are satisfied.

**RSU Award** means an award pursuant to Article 6 of Restricted Stock Units to an Eligible Person.

**SAR**, or stock appreciation right, means a contractual right to receive a payment representing the excess of the Fair Market Value of a share of common stock on the date that the right is exercised over the exercise price per share of the right.

**SAR Award** means an award of a Stand-Alone SAR or Tandem SAR pursuant to Article 5.

**Stand-Alone SAR** means an SAR that is not related to an Option.

**share** means a share of the Company's common stock.

**Subsidiary** means a subsidiary corporation as defined in § 424(f) of the Code.

**Tandem SAR** means an SAR that is related to an Option.

## **Table of Contents**

**Termination Date** means the date of termination of service to the Company or a Subsidiary by an Employee. The following shall not be considered a termination of service: (i) a transfer of employment from the Company to a Subsidiary or from a Subsidiary to the Company or to another Subsidiary; or (ii) becoming a Consultant or Director and ceasing to serve as an Employee.

### **Article 3**

#### **Administration**

##### **3.1 Committee**

The Board of Directors shall designate a committee of the Board (the **Committee**) to administer the Plan. The Committee shall consist of two or more directors all of whom shall be (i) **non-employee directors** as defined in Rule 16b-3 under the Exchange Act, (ii) **independent directors** under the applicable listing standards of the NASDAQ Global Select Market and (iii) **outside directors** under §162(m) of the Code.

##### **3.2 Authority**

Subject to the terms of the Plan, the Committee shall have the authority to select the Eligible Persons to whom Awards are to be granted and to determine the time, type, number of shares, vesting, restrictions, limitations and other terms and conditions of each Award.

Awards under the Plan need not be uniform in respect of different Eligible Persons, whether or not similarly situated. The Committee may consider such factors as it deems relevant in selecting Eligible Persons for Awards and in determining their Awards.

The Committee may condition the vesting of any Award on the attainment of one or more Performance Goals. Performance Goals may differ from Participant to Participant and from Award to Award. The Committee shall specify the applicable Performance Goal or Goals in the underlying Award Agreement (but in no event later than the latest permissible date to enable the Award to qualify as performance-based compensation under §162(m) of the Code). The Committee's evaluation of a Performance Goal's attainment may be adjusted to exclude any extraordinary events and transactions as described in Accounting Principles Board Opinion No. 30, but in all other respects, the measurement of Performance Goals shall be determined in accordance with the Company's financial statements and U.S. generally accepted accounting principles.

The Committee may interpret the Plan, adopt, revise and rescind policies and procedures to administer the Plan, and make all factual and other determinations required for Plan's administration.

The Committee's determinations, interpretations and other actions shall be final and binding. No member of the Committee shall be liable for any action of the Committee in good faith.



**3.3 Procedures**

The members of the Committee shall elect a chairman, and the Committee shall meet as necessary at the call of the chairman or any two members of the Committee. A majority of the members of the Committee shall constitute a quorum, and all actions of the Committee at a meeting at which a quorum is present shall be taken by majority vote.

A member of the Committee may participate in any meeting of the Committee by a conference telephone call or other means that enable all persons participating in the meeting to hear one another, and participation in this manner shall constitute his or her presence in person at the meeting. The Committee also may act by the unanimous written consent of its members.

A-3

**Table of Contents**

**Article 4**

**Plan Operation**

**4.1 Effective Date**

This Plan shall become effective if and when approved by the Company's stockholders at the 2011 Annual Meeting of Stockholders.

**4.2 Term**

This Plan shall have a term of 10 years, expiring on the tenth anniversary of its approval by the Company's stockholders (but remaining in effect, however, for outstanding Awards). No Award may be granted under the Plan after its expiration.

**4.3 Maximum Number of Shares**

The maximum total number of shares of common stock for which Awards may be granted under this Plan is 3,000,000 shares. This maximum shall be subject to the capitalization adjustments under Paragraph 4.6.

The shares for which Options and SARs are granted shall count against this limit on a 1-for-1 basis, and the shares for which Restricted Stock Awards and RSU Awards are granted shall count against this limit on a 2-for-1 basis (so that each share for which a Restricted Stock Award or RSU Award is granted reduces by two shares the available number of shares for which Awards may be granted).

The shares for which Awards may be granted shall be shares currently authorized but unissued or shares that the Company currently holds or subsequently acquires as treasury shares, including shares purchased in the open market or in private transactions.

**4.4 Shares Available for Awards**

The determination of the number of shares of common stock available for Awards under the Plan shall take into account the following:

(a) If an Option lapses or expires unexercised, the number of shares in respect of which the Option lapsed or expired shall be added back to the available number of shares for which Awards may be granted.

(b) If a Restricted Stock Award or RSU Award lapses or is forfeited, the shares in respect of which the Award lapsed or was forfeited shall be added back to the available number of shares for which Awards may be granted.

(c) If a SAR Award or RSU Award is settled in cash, the number of shares in respect of which the Award was settled in cash shall not be added back to the available number of shares for which Awards may be granted.

(d) If the exercise price of an Option is paid by delivery of shares of common stock pursuant to Paragraph 5.8, the number of shares issued upon exercise of the Option, without netting the shares delivered in payment of the exercise price, shall be taken into account in determining the available number of shares for which Awards may be granted.

#### **4.5 Individual Limit on Awards**

In any calendar year, the maximum number of shares for which Awards may be granted to any Eligible Person shall not exceed 250,000 shares in the case of Options and SARS and 100,000 shares in the case of Restricted Stock and RSU Awards, in each case taking into account all similar types of grants and awards under

**Table of Contents**

other stock option and equity compensation plans of the Company (other than the Company's bonus conversion program and the Company's employee stock purchase plan). These maximums shall be subject to the capitalization adjustments under Paragraph 4.6.

**4.6 Capitalization Adjustments**

In the event of a change in the number of outstanding shares of common stock by reason of a stock dividend, stock split, recapitalization, reorganization or the like, the Committee may, and in the case of a reverse stock split, the Committee shall, equitably adjust the following in order to prevent a dilution or enlargement of the benefits or potential benefits intended to be provided under the Plan: (i) the number of shares for which Awards may be granted under the Plan, (ii) the maximum number of shares for which Awards may be granted to any Eligible Person in a calendar year, (iii) the aggregate number of shares in respect of each outstanding Award and (iv) the exercise price of each outstanding Option and SAR. The Committee may also make any other equitable adjustments that the Committee considers appropriate. Except in the case of a reverse stock split, adjustments shall be made in the Committee's discretion, and its decisions shall be final and binding.

**Article 5**

**Stock Options and SARs**

**5.1 Grant**

The Committee may grant an Option or SAR to any Eligible Person. Subject to the terms of this Plan, the Committee shall determine the restrictions, limitations and other terms and conditions of each Option and SAR Award.

The Committee shall designate each Option as either an ISO or NSO, and shall designate each SAR Award as either a Stand-Alone SAR or a Tandem SAR. A Tandem SAR may not be granted later than the time that its related Option is granted.

**5.2 Exercise Price**

The Committee shall determine the exercise price of each Option and SAR. The exercise price per share may not be less than the Closing Price on the Grant Date of the Option or SAR.

Except for capitalization adjustments under Paragraph 4.6 or as approved by the Company's stockholders, the exercise price per share of any outstanding Option or SAR may not be reduced, and the Option or SAR may not be surrendered to the Company for cash or as consideration for the grant of a new Option or SAR with a lower exercise price per share.

**5.3 Vesting and Term**

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The Committee shall determine the time or times at which each Option and Stand-Alone SAR becomes vested. Vesting may be based on continuous service or on the attainment of Performance Goals or other conditions specified in the Award Agreement. A Tandem SAR shall vest if and to the extent that its related Option vests, and shall expire or be canceled when its related Option expires or is canceled. No Option or SAR may have an Expiration Date more than 10 years from its Grant Date.

Each Option and SAR held by an Employee shall become fully vested as of his or her Termination Date if the Employee's termination of employment occurs by reason of his or her death. In addition, the Committee, in its discretion, may accelerate the vesting of an Option or SAR at any time.

A-5

## **Table of Contents**

### **5.4 Termination of Employment**

In the case of an Option or SAR held by an Employee whose employment terminates:

(a) if and to the extent that the Option or SAR is unvested as of the Employee's Termination Date, the Option or SAR shall lapse on the Termination Date; and

(b) if and to the extent that the Option or SAR is vested as of the Employee's Termination Date, the Option or SAR shall expire as specified in the underlying Award Agreement, or if no date is specified, (i) on the earlier of 30 days after the Employee's Termination Date or the expiration date of the Option or SAR, or (ii) if the Employee's employment terminated by reason of his or her death, on the earlier of the first anniversary of the Employee's death or the expiration date of the Option or SAR.

The Committee may extend the expiration date of the Option or SAR to any date up to the last day of the term of the Option or SAR.

### **5.5 Transferability**

No Option or SAR may be transferred, assigned or pledged, whether by operation of law or otherwise, except (i) as provided in the underlying Award Agreement or as the Committee otherwise permits, or (ii) as provided by will or the applicable laws of intestacy or (iii) if:

(a) the transferee is a revocable trust that the employee established for estate planning reasons (in respect of which the employee is treated as the owner for federal income tax purposes); or

(b) the transferee is (i) the spouse of the employee or a child, step-child, grandchild, parent, sibling or child of a sibling of the employee (each an eligible transferee), (ii) a custodian for an eligible transferee under any Uniform Transfers to Minors Act or Uniform Gifts to Minors Act or (iii) a trust for the primary benefit of one or more eligible transferees.

Transfers described in the preceding clause (b) shall be subject to any restrictions and requirements that the Committee considers appropriate (for example, the transferee's written agreement to be bound by the terms of the Plan and the underlying Award Agreement).

No Option or SAR shall be subject to execution, attachment or similar process.

### **5.6 Additional ISO Rules**

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To the extent that the aggregate fair market value (determined in respect of each ISO on the basis of the Fair Market Value of a share of common stock on the ISO's Grant Date) of the underlying shares of all ISOs that become exercisable by an individual for the first time in any calendar year exceeds \$100,000, the Options shall be treated as NSOs. This limitation shall be applied by taking ISOs into account in the order in which they were granted.

In the case of an ISO granted to an Employee who at the time of grant owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (or any Subsidiary), the exercise price per share may not be less than 110% of the Closing Price on the Grant Date and the ISO may not have an Expiration Date more than five years from the Grant Date.

The Award Agreement underlying an Option that the Committee designates as an ISO may contain any additional terms, beyond those of this Plan, that the Committee considers necessary or desirable to include to assure that the Option complies with the requirements of § 422 of the Code.

A-6

## **Table of Contents**

### **5.7 Manner of Exercise**

A vested Option or SAR may be exercised in full or only partially (but in the case of a partial exercise, only in respect of a whole number of shares) by (i) written notice to the Committee or its designee stating the number of shares in respect of which the Option or SAR is being exercised and, in the case of an Option, (ii) full payment of the exercise price of those shares.

### **5.8 Payment of Exercise Price**

Payment of the exercise price of an Option shall be made by check or, if permitted by the Committee (either in the underlying Award Agreement or at the time of exercise), by: (i) delivery of shares of common stock having a Fair Market Value on the date of exercise equal to the exercise price; (ii) directing the Company to withhold, from the shares otherwise issuable upon exercise of the Option, shares having a Fair Market Value on the date of exercise equal to the exercise price; (iii) by an open-market broker-assisted sale pursuant to which the Company is promptly delivered the portion of the sales proceeds necessary to pay the exercise price; (iv) any combination of these methods of payment; or (v) any other method of payment that the Committee authorizes.

### **5.9 Tandem SARs**

A Tandem SAR shall entitle the Participant to elect to exercise either the SAR or the related Option as to all or any portion of the shares subject to the SAR and Option. The exercise of a Tandem SAR shall cause the immediate and automatic cancellation of its related Option with respect to the same number of shares, and the exercise, expiration or cancellation of the related Option (other than by reason of the exercise of the Tandem SAR) shall cause the automatic and immediate cancellation of the Tandem SAR with respect to the same number of shares.

### **5.10 Settlement of SARs**

Settlement of a SAR may be made, in the Committee's discretion, in shares of common stock or in cash, or in a combination of the two, subject to applicable tax withholding requirements. Any cash payment in settlement of a SAR shall be made on the basis of the Fair Market Value of a share of common stock on the date that the SAR is exercised.

## **Article 6**

### **Restricted Stock**

#### **and Restricted Stock Units**

### **6.1 Grant**



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The Committee may issue Restricted Shares or grant Restricted Stock Units to any Eligible Person. Subject to the terms of this Plan, the Committee shall determine the restrictions, limitations and other terms and conditions of each Restricted Stock Award and RSU Award.

### 6.2 Vesting

The Committee shall determine the time or times at which each Restricted Stock Award or RSU Award becomes vested. Vesting may be based on continuous service or on the attainment of specified Performance Goals or other conditions specified in the Award Agreement.

Each Restricted Stock Award and RSU Award held by an Employee shall become fully vested as of his or her Termination Date if the Employee's termination of employment occurs by reason of his or her death. In addition, the Committee, in its discretion, may accelerate the vesting of a Restricted Stock Award or RSU Award at any time.

A-7

## **Table of Contents**

### **6.3 Transferability**

Prior to the vesting of a Restricted Stock Award, the Restricted Shares subject to the Award may not be transferred, assigned or pledged (except as provided in the Award Agreement or as the Committee permits) and shall not be subject to execution, attachment or similar process. (After vesting, the shares may still remain subject to restrictions on transfer under applicable securities laws and any restrictions imposed by the Award Agreement.) The Committee may require each certificate representing Restricted Shares to bear a legend making appropriate reference to the restrictions on the shares, and may also require that the certificate, together with a stock power duly endorsed in blank by the Participant, remain in the Company's physical custody or in escrow with a third party until all restrictions have lapsed.

### **6.4 Rights as Stockholder**

Subject to the terms of the Plan and the underlying Award Agreement, a Participant shall have all of the rights of a stockholder in respect of the Restricted Shares subject to a Restricted Stock Award, including the right to vote the shares and to receive all dividends and other distributions in respect of the shares. The Committee may provide in the Award Agreement for the payment of dividends and distributions to the Participant when dividends are paid to stockholders generally or at the time of vesting or distribution of the Restricted Shares.

A Participant shall not have any rights as a stockholder in respect of the shares of common stock subject to a RSU Award until those shares have been issued and delivered to the Participant pursuant to the terms of the Award.

### **6.5 Settlement of RSU Award**

Settlement of a RSU Award may be made, in the Committee's discretion, in shares of common stock or in cash, or in a combination of the two, subject to applicable tax withholding requirements. Any cash payment in settlement of a RSU Award shall be made on the basis of the Fair Market Value of a share of common stock on the date that the shares subject to the Award become issuable to the Participant.

### **6.6 Deferrals**

The Committee may (but shall not be required to) permit a Participant to elect to defer the delivery of shares upon the vesting or settlement of a Restricted Stock Award or RSU Award. Any such election shall be for a deferral period and in a manner and on terms that the Committee approves and that comply with the requirements of § 409A of the Code.

## **Article 7**

### **Change of Control**

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Upon a Change of Control, all outstanding Awards shall become fully vested and exercisable, and all restrictions on the shares underlying Restricted Stock Awards shall lapse.

A Change of Control means an event or the last of a series of related events by which:

(a) any Person directly or indirectly acquires or otherwise becomes entitled to vote stock having 51% or more of the voting power in elections for directors; or

(b) during any 24-month period a majority of the members of the Board of Directors ceases to consist of directors who were:

(1) Directors at the beginning of the period ( continuing Directors ); or

(2) elected to office after the start of the period by the Board of Directors with the approval of two-thirds of the incumbent continuing Directors ( appointed Directors ); or

A-8

**Table of Contents**

(3) elected to office after the start of the period by the Company's stockholders following nomination for election by the Board of Directors with the approval of two-thirds of the incumbent continuing and appointed Directors (elected Directors); or

(4) elected to office after the start of the period by the Board of Directors with the approval of two-thirds of the incumbent continuing, appointed and elected Directors; or

(5) elected to office after the start of the period by the Company's stockholders following nomination for election by the Board of Directors with the approval of two-thirds of the incumbent continuing, appointed and elected Directors; or

(c) the Company merges or consolidates with another corporation, and holders of outstanding shares of the Company's common stock immediately prior to the merger or consolidation do not own stock in the survivor of the merger or consolidation having more than 75% of the voting power in elections for directors; or

(d) the Company sells all or a substantial portion of the consolidated assets of the Company and its Subsidiaries, and the Company does not own stock in the purchaser having more than 75% of the voting power in elections for directors.

As used in this definition, a Person means any person as that term is used in sections 13(d) and 14(d) of the Exchange Act, together with all of that person's affiliates and associates as those terms are defined in Rule 12b-2 under the Exchange Act.

**Article 8**

**Miscellaneous Provisions**

**8.1 Award Agreement**

Each Award under the Plan shall be evidenced by an Award Agreement which shall be subject to and incorporate the terms of the Plan.

**8.2 Tax Withholding**

The Company may withhold an amount sufficient to satisfy its withholding tax obligations, if any, in connection with any Award under the Plan, and the Company may defer making any payment or delivery of shares pursuant to the Award unless and until the Participant indemnifies the Company to its satisfaction in respect of its withholding obligation.

### **8.3 Amendment and Termination**

The Board may amend, suspend or terminate the Plan at any time. The Company's stockholders shall be required to approve any amendment that would materially increase the number of shares of common stock for which Awards may be granted or that would increase the number of shares of common stock for which ISOs may be granted (other than an amendment authorized under Paragraph 4.6). If the Plan is terminated, the Plan shall remain in effect for Awards outstanding as of its termination. No amendment, suspension or termination of the Plan shall adversely affect the rights of the holder of any outstanding Award without his or her consent.

### **8.4 Foreign Jurisdictions**

The Committee may adopt, amend and terminate a supplement to the Plan to permit Employees in another country to receive Awards under the supplement (on terms not inconsistent with the terms of Awards under the Plan) in compliance with that country's securities, tax and other laws.

A-9

**Table of Contents**

**8.5 No Right To Employment**

Nothing in this Plan or in any Award Agreement shall give any person the right to continue in the employ of the Company or any Subsidiary or limit the right of the Company or Subsidiary to terminate his or her employment.

**8.6 Notices**

Notices required or permitted under this Plan shall be considered to have been duly given if sent by certified or registered mail addressed to the Committee at the Company's principal office or to any other person at his or her address as it appears on the Company's payroll or other records.

**8.7 Severability**

If any provision of this Plan is held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions, and the Plan shall be construed and administered as if the illegal or invalid provision had not been included.

**8.8 Governing Law**

This Plan and all Award Agreements shall be governed in accordance with the laws of the State of Illinois.

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**Table of Contents**

28161 North Keith Drive

Lake Forest, Illinois 60045

**2011 ANNUAL MEETING OF STOCKHOLDERS**

**May 24, 2011**

**Your vote is important!**

Please sign and promptly return your proxy card or voting instruction card in the enclosed envelope or, if your shares are registered in your name, vote your shares telephonically, by calling (800) 690-6903, or via the Internet, by going to [www.proxyvote.com](http://www.proxyvote.com).

If your shares are registered in the name of a broker, you may be able to vote your shares telephonically or via the internet. Check the information provided to you by your broker to see which options are available to you.

**Admission Request Form for 2011 Annual Meeting**

I am a stockholder of Stericycle, Inc. **(If your shares are registered in a broker's name, please enclose confirmation of stock ownership.)** I plan to attend the 2011 Annual Meeting to be held on Tuesday, May 24, 2011, at 11:00 a.m., Chicago time, at the DoubleTree Hotel Chicago O'Hare Airport-Rosemont, 5460 North River Road, Rosemont, Illinois 60018. Please send me an admissions card. I understand that **an admissions card will admit only the stockholder or stockholders to whom it is issued, and may not be transferred.**

Name \_\_\_\_\_

Please print name of stockholder

Name \_\_\_\_\_

Please print name of stockholder (if joint owner)

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone (\_\_\_\_) \_\_\_\_\_

## Edgar Filing: STERICYCLE INC - Form DEF 14A

If you plan to attend the Annual Meeting, please detach, complete and return the Admission Request Form above directly to Stericycle, Inc., Annual Meeting Ticket Requests, 28161 North Keith Drive, Lake Forest, Illinois 60045. **All Admission Request Forms must be received by May 17, 2011.**

To avoid a delay in receipt of your admissions card, mail the Admission Request Form separately. Do not return it with your proxy card or mail it in the enclosed envelope.

If you need directions to the Annual Meeting, please call Investor Relations at (800) 643-0240 ext. 2012.



**Table of Contents**

*STERICYCLE, INC.*

*28161 NORTH KEITH DRIVE*

*LAKE FOREST, IL 60045*

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M34225-P09082

KEEP THIS PORTION FOR YOUR RECORDS

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. DETACH AND RETURN THIS PORTION ONLY STERICYCLE, INC.**

**The Board of Directors recommends you vote  
FOR all nominees for director, FOR Items 2, 3  
and 4, and FOR 3 YEARS on Item 5.**

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
1. Election of Directors			
1a. Mark C. Miller	..	..	..
1b. Jack W. Schuler	..	..	..
1c. Thomas D. Brown	..	..	..
1d. Rod F. Dammeyer	..	..	..

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- 1e. William K. Hall .. ..
- 1f. Jonathan T. Lord, M.D. .. ..
- 1g. John Patience .. ..
- 1h. James W.P. Reid-Anderson .. ..
- 1i. Ronald G. Spaeth .. ..

For address changes/comments, mark here. ..

(see reverse for instructions)

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

**Vote On Proposals**

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
2. Approval of the Company's 2011 Incentive Stock Plan	..	..	..
3. Ratification of the appointment of Ernst & Young L.L.P. as the Company's independent registered public accounting firm for 2011	..	..	..
4. Advisory resolution approving the compensation paid to the Company's executive officers	..	..	..
	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>
5. Advisory resolution on the frequency of the advisory vote on executive compensation (choose one frequency)	..	..	..

**NOTE:** This proxy will be voted in the best judgment of the proxies in respect of any other business that properly comes before the Annual Meeting.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature(Joint Owners)

Date

**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

M34226-P09082

**STERICYCLE, INC.**

**2011 Annual Meeting of Stockholders**

**May 24, 2011 11:00 AM**

**This proxy is solicited by the Board of Directors**

I or we hereby appoint each of Jack W. Schuler, Rod F. Dammeyer and John Patience (the proxies) as my or our proxy, each with the power to appoint his substitute, and authorize each of them acting alone to vote all of the shares of common stock, par value \$.01 per share, of Stericycle, Inc. (the Company) held of record by me or us on March 25, 2011 at the 2011 Annual Meeting of Stockholders (the Annual Meeting) to be held on Tuesday, May 24, 2011, at 11:00 a.m. Chicago time, at the DoubleTree Hotel Chicago O'Hare Airport - Rosemont, 5460 North River Road, Rosemont, Illinois 60018, and at any adjournment of the Annual Meeting.

If properly completed and returned, this Proxy will be voted as directed. If no direction is given, this Proxy will be voted in accordance with the recommendations of the Company's Board of Directors, i.e., FOR each of the nine nominees for election as a director (Item 1), FOR approval of the Company's 2011 Incentive Stock Plan (Item 2), FOR ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2011 (Item 3), FOR approval of the advisory resolution approving the compensation paid to the Company's executive officers (Item 4), and FOR 3 years as the frequency recommended by the advisory vote on the frequency of the advisory vote on executive compensation (Item 5). This Proxy will be voted in the best judgment of the proxies in respect of any other business that properly comes before the Annual Meeting.

**PLEASE MARK, DATE, SIGN AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE**

**Address change/comments:**

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

**(Continued and to be signed on reverse side.)**