

**COMPLETED MERGER OF THE BUSINESSES OF STERICYCLE INTERNATIONAL
LLC AND STERILE TECHNOLOGIES GROUP LIMITED**

**ORDER MADE BY THE COMPETITION COMMISSION IN ACCORDANCE WITH
SECTION 81 OF THE ENTERPRISE ACT 2002**

Interpretation

The Interpretation Act 1978 shall apply to this order as it does to Acts of Parliament.

For the purposes of this order:

“**the Act**” means the Enterprise Act 2002;

“**an affiliate**” of a person is another person who satisfies the following condition, namely that any enterprise (which, in this context, has the meaning given in section 129(1) of the Act) that the first person carries on from time to time and any enterprise that the second person carries on from time to time would be regarded as being under common control for the purposes of section 26 of the Act;

“**business**” has the meaning given by section 129(1) and (3) of the Act;

“**the CC**” means the Competition Commission;

“**control**” shall be construed in accordance with section 26 of the Act and in the case of a body corporate, a person shall be deemed to control it if he holds, or has an interest in, shares of that body corporate which amount to 10 per cent or more of its issued share capital or which carry an entitlement to vote at meetings of that body corporate of 10 per cent or more of the total number of votes which may be cast at such meetings;

“the decisions” means the decisions of the CC on the questions which it is required to answer by virtue of section 35 of the Act;

“key staff” means staff in positions of executive or managerial responsibility and/or whose performance affects the viability of the business;

“the merger” mean the creation of the relevant merger situation between the businesses of Stericycle LLC and STG;

“new customer” means a customer to which the merged Stericycle business does not currently provide services;

“the OFT” means the Office of Fair Trading;

“the ordinary course of business” means matters connected to the day to day supply of services by the Stericycle business and the STG business and does not include matters involving significant changes to the organisational structure or related to the post-merger integration of these businesses;

“the reference” means the reference made by the OFT to the CC under section 22 of the Act concerning the completed merger of the businesses of Stericycle LLC and STG;

“the schedule” means the schedule to this order;

“the specified period” means the period beginning on the date of this order and terminating at the end of the period specified in section 81(7) or (8) of the Act;

“Stericycle” means Stericycle International Limited;

“Stericycle LLC” means Stericycle International LLC and its subsidiaries;

“the merged Stericycle business” means the business or businesses carried on by Stericycle or STG as at the date of this order;

“the Stericycle business” means that part of the merged Stericycle business which corresponds to the business carried on by or under the control of Stericycle as at 26 February 2006 in the UK with the changes made to that business as specified in the schedule to this order;

“the STG business” means that part of the merged Stericycle business which corresponds to the business carried on by STG as at 26 February 2006 in the UK with the changes made to that business as specified in the schedule to this order;

“STG” means Sterile Technologies Group Limited and its subsidiaries including Sterile Technologies (NI) Limited and Sterile Technologies (UK) Limited;

“subsidiary”, unless otherwise stated, has the meaning given by section 736 of the Companies Act 1985 (as amended);

“Undertakings” means the undertakings given by Stericycle and STG to the OFT on 19 June 2006 and adopted by the CC on 3 July 2006 under section 80(3) of the Act; and

Unless the context requires otherwise, the singular shall include the plural and vice versa.

Whereas, on 28 June 2006, the OFT made the reference to the CC under section 22 of the Act concerning the completed merger of the businesses of Stericycle LLC and STG:

Whereas on 3 July 2006 under section 80(3) of the Act the CC adopted the Undertakings:

Whereas the Undertakings cease to be in force when this order comes into force in accordance with section 80(7) of the Act:

Whereas the CC wishes to ensure that no action is taken pending final determination of the reference which might prejudice that reference or impede the taking of any action by the CC under Part 3 of the Act which might be justified by the CC's decisions on the reference:

And whereas the reference has not been finally determined in accordance with section 79(1) of the Act:

Now for the purpose of preventing pre-emptive action in accordance with section 81 of the Act the CC makes the following order addressed to Stericycle LLC, Stericycle and STG

Management of the merged Stericycle business until determination of proceedings

1. Except with the prior written consent of the CC, Stericycle LLC, Stericycle and STG shall not during the specified period take any action separately or jointly which might:
 - a. lead to the further integration of the Stericycle business with the STG business;
 - b. transfer the ownership or control of either of the Stericycle business or the STG business to any third party;
 - c. otherwise further impair the ability of each of the Stericycle business and the STG business to compete independently in any of the markets

affected by the acquisition in the event that the CC decides that the merger has resulted or may be expected to result in a substantial lessening of competition within any market or markets within the UK for goods or services and decides that the STG business or any part of it should be divested; or

- d. prejudice the reference or impede the taking of any action under the Act which may be justified by the CC's decisions on the reference.
2. Without prejudice to the generality of paragraph 1, Stericycle LLC, Stericycle and STG will at all times during the specified period, procure to the extent within their control that except with the prior written consent of the CC:
- a. the Stericycle business is carried on under different names from the STG business and a separate brand identity is maintained for each of the Stericycle business and the STG business;
 - b. the Stericycle business and the STG business are maintained as going concerns;
 - c. except in the ordinary course of business, no substantive changes are made to the organisational structure of, or the management responsibilities within, either of the Stericycle business or the STG business except to the extent that such changes are required by this order. The termination of the contracts of employment of the individuals listed in the schedule to this order have already been made at the date of this order and any change in responsibilities flowing directly from these terminations does not fall within this paragraph 2(c);

- d. except in the ordinary course of business, in relation to the assets of each of the Stericycle business and the STG business:
 - i. the assets, including facilities and goodwill, are maintained and preserved and for the avoidance of doubt the sites at [✂] shall not be closed;
 - ii. none of the assets are disposed of; and
 - iii. no interest in the assets is created or disposed of;
- e. the nature, description, range and standard of goods and/or services currently supplied in the United Kingdom by each of the Stericycle business and the STG business are in all material respects maintained and preserved;
- f. there is no integration of the information technology systems (including but not limited to accounting and financial management systems) of the Stericycle business with the information technology systems of the STG business; data is to be stored on separate servers; and the respective software and hardware platforms of the Stericycle business and of the STG business shall remain essentially unchanged, except for routine changes and maintenance and except as provided for in the schedule to this order;
- g. the customer and supplier lists of the Stericycle business and the STG business shall be operated and updated separately and any negotiations with STG's customers or suppliers in relation to the STG business will be carried out by and for the STG business alone; any negotiations with

Stericycle's customers or suppliers in relation to the Stericycle business will be carried out by and for the Stericycle business alone;

- h. all existing contracts shall continue to be serviced by the business to which they were awarded (except to the extent that the other party to the contract terminates the contract in accordance with its terms);
- i. no key staff are transferred between the Stericycle business and the STG business except to the extent that they have already been transferred as described in the schedule to this order and no contracts of employment shall be terminated by Stericycle or STG;
- j. for the purpose of preventing pre-emptive action generally and specifically to ensure compliance with paragraph 2(l) below, Stericycle and STG shall make arrangements to ensure that insofar as there are existing separate teams able to carry out the following functions: commercial and marketing; finance and accounting; and environment, health and safety (for the purposes of this paragraph the "Relevant Functions") on behalf of the STG business, such separate teams shall be preserved; and insofar as the Relevant Functions are not being carried out by existing separate teams, Stericycle and STG shall liaise with the CC in order to establish suitable arrangements for ensuring that the Relevant Functions, or such aspects of the Relevant Functions as the CC shall specify following consultation with Stericycle and STG are carried out by separate teams;
- k. all reasonable steps are taken to encourage all key staff of the Stericycle business and the STG business to remain with the business in relation to which they were employed prior to the merger;

- l. no additional business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the Stericycle business and the STG business (“Confidential Information”) shall pass, directly or indirectly from the Stericycle business (or any of its employees, directors, agents or affiliates) to the STG business (or any of its employees, directors, agents or affiliates) or vice versa, except where strictly necessary in the ordinary course of business and on the basis that, should the merger be prohibited, any records or copies (electronic or otherwise) of such information wherever they may be held will be returned to the relevant business and any copies destroyed other than as may be required for the purposes of regulatory compliance under applicable law;
- m. to the extent that Confidential Information has already passed from the Stericycle business to the STG business (or vice versa), Stericycle and STG shall inform the CC of the categories of information that have been passed between the Stericycle business and the STG business and the form in which it has been transferred and thereafter, put in place a mechanism which includes the use of separate servers for each of the Stericycle and STG businesses so that such information can be ringfenced to ensure that it is not further disseminated in accordance with paragraph 2(l) above, nor used by either Stericycle or STG to secure a competitive advantage; and
- n. notwithstanding the provisions set out above, Confidential Information flow is permitted between STG and Stericycle LLC arising from and to the extent necessary to fulfil any obligation on Stericycle to report to

Stericycle LLC or insofar as this is necessary to comply with any regulatory obligations.

Contracts with new customers

3. Stericycle shall within a period of 5 working days from the date of this order provide the CC with a statement of principles setting out the criteria to be applied when tendering for contracts with new customers, such statement to be approved by the CC or put in place with such changes as the CC may direct and complied with by Stericycle and STG following approval by the CC. Stericycle shall notify the CC promptly in writing of any potential contracts with new customers which arise before the statement is approved and adhere to any directions given by the CC with regard to such contracts.

Compliance

4. Stericycle LLC, Stericycle and STG shall procure that each of their respective subsidiaries complies with this order as if it had given them.
5. The CEO of Stericycle LLC shall provide a compliance statement fortnightly to the CC confirming that Stericycle LLC is not in breach of this order and that Stericycle has complied with this order. The CEO of Stericycle and STG will provide a compliance statement in the form set out in the annex to this order to the CC fortnightly. Any hold separate manager appointed to manage the business of STG will provide a compliance statement in the form set out in the annex to this order to the CC fortnightly.

6. At all times, Stericycle will actively keep the CC informed of any material developments relating to the Stericycle business and, so far as it is aware, of any such developments relating to the STG business including but not limited to:
 - a. details of staff who leave or join the Stericycle business or STG business;
 - b. any Stericycle or STG business plant breakdowns which have halted production for more than 24 hours or changes in the Stericycle or STG businesses' production arrangements which have affected the working pattern of more than five Stericycle or STG business employees;
 - c. all substantial customer volumes won or lost by the Stericycle business or STG business including any substantial changes in customers' demand;
and
 - d. substantial changes in the Stericycle or STG businesses' contractual arrangements or relationships with key suppliers
7. Stericycle LLC, Stericycle and STG will each comply insofar as it is able with such written directions as the CC may from time to time give to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with this order.

General

8. To the extent that this order is addressed to a person's conduct outside the UK, it shall only apply if that person is carrying on business in the UK.

Commencement

9. This order will come into force on 18 July 2006. The Undertakings shall cease to be in force when this order comes into force.

(signed) DIANA GUY

Group Chairman

18 July 2006

SCHEDULE

The STG business means that part of the merged Stericycle business which corresponds to the business carried on by STG as at 26 February 2006 in the UK with the following changes:

Facilities and plants

1. STG's Rotherham site was closed on 31 May 2006.

IT systems

2. STG's information technology systems are being updated. The Stericycle software suite which comprises systems that allow for the management of all of the key functions of a healthcare risk waste management business, is to be rolled out throughout STG. This will be done in isolation from Stericycle by establishing separate servers for STG and Stericycle so that there will be no link between the data systems of the two businesses.

Financial and accounting systems

3. The Solomon accounting package is to be installed on the STG system which is currently made up of a several different legacy packages.

Commercially sensitive information

4. Customer and supplier lists have been shared with Stericycle.

Employees transferred to Stericycle (senior management)

5. The senior STG employees listed in the table below are now working for Stericycle.

Name	Origin	Position
Bill Blyde	STG	CEO Stericycle Europe
Neville Graver	STG	Stericycle Finance Director
Paul Simpson	STG	Stericycle Group Operations Director
Stuart Budd	STG	Stericycle Group Environment, Health & Safety Manager

Other management personnel transferred to Stericycle

6. The employees listed below are carrying out management functions within Stericycle.

Name	Origin	Position
Tom Gaynor	STG	Group Alternative Technologies Manager
Eric Lomas	STG	Commercial Manager South
Helen Williams	STG	Commercial Manager South
John Owen	STG	Commercial Manager North
Keith Lavelle	STG	Commercial Manager North
Bryan McCann	STG	Logistics Manager
Simon de Grey	STG	Environmental Management Systems Manager
Colm Harkin	STG	Environmental Manager
David Sawtell	STG	Human Resources Manager

Redundant Employees

7. The STG employees listed below have been made redundant.

Name	Occupation	Site	Pre-merger employing firm	Date employee informed of redundancy	Date of end of employment
[✂]	[✂]	[✂]	[✂]	[✂]	[✂]

STERICYCLE BUSINESS

The Stericycle business means that part of the merged Stericycle business carried on by or under the control of Stericycle as at 26 February 2006 in the UK with the following changes:

Facilities and plants

1. Stericycle's Merthyr Tydfil site was closed on 31 May 2006.

Financial reporting

2. Stericycle is aligning its monthly financial reporting to STG's to that accounting information is in the same presentational format and style for both businesses.

Stericycle Senior Management

3. The employees listed below are senior managers within the merged Stericycle business.

Colm Croskery	MD Sales and Marketing	New responsibility for STG business
David Hughes	Group Logistics Director	New responsibility for STG business
Richard Taylor	Finance Director, White Rose Environmental	New responsibility for STG business
Helen Inch	Group Human Resources Manager	New responsibility for STG business

Other Stericycle Management Personnel

4. The employees listed below are carrying out management functions within the merged Stericycle business.

Ivan Squires	Incineration Manager South	New responsibility for STG business
John Bean	Incineration Manager North	New responsibility for STG business
Mike Chappell	Commercial Manager South	New responsibility for STG business
Martin Wardle	Marketing Manager	New responsibility for STG business
Mark Harbard	Logistics Manager	New responsibility for STG business
Bryan Punler	Logistics Manager North	New responsibility for STG business
Colin Gunn	Health and Safety Manager	New responsibility for STG business
Lindsey Downes	Health and Safety Manager	New responsibility for STG business
Steve Hebblethwaite	Environmental Manager	New responsibility for STG business
Dean Lennox	Training Manager	New responsibility for STG business
Alan Esland	Environmental Manager	New responsibility for

		STG business
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Redundant Employees

5. The Stericycle employees listed below have been made redundant.

[✂]	[✂]	[✂]	[✂]	[✂]
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ANNEX

Compliance Statement for Stericycle and STG

I [insert name] confirm on behalf of Stericycle/STG that:

- (a) Stericycle/STG has complied with the order made by the CC on [date] (“the Order”) in the period from [insert date] to [insert date];
- (b) Stericycle/STG’s subsidiaries have also complied with the Order in the period from [insert date] to [insert date];
- (c) No action has been taken by Stericycle/STG in the period from [insert date] to [insert date] that will impede the taking of any action by the CC which may be justified by its decision on the reference; and
- (d) Stericycle/STG and its subsidiaries remain in full compliance with the Order.
- (e) The Stericycle/STG business has been maintained as a going concern and sufficient resources have been made available for the development of the Stericycle/STG business, on the basis of its pre-merger business plans;
- (f) The STG business’ customer/supplier lists have been operated and updated purely for the purposes of the STG business without any involvement of Stericycle.
- (g) All customer/supplier negotiations for the STG business have been carried out independently of Stericycle.
- (h) There have been no substantive changes to the nature, description, range and quality of any goods and/or services currently supplied in the United Kingdom by the Stericycle/STG business.

Assets – including facilities and goodwill

(i) Except in the ordinary course of business, none of the assets of the Stericycle/STG business have been disposed of.

(j) Except in the ordinary course of business, no interest in the assets of the Stericycle/STG business has been created or disposed of.

(k) Except in the ordinary course of business, all of the assets of the Stericycle/STG business have been maintained and preserved as they were on 18 July 2006.

Contracts

(l) All existing contracts continue to be serviced by the business to which they were awarded.

Information Technology Systems

(m) There have been no changes to the software and hardware platforms of the STG business, beyond routine changes and maintenance.

Staff

(n) No changes have been made to or to the key staff or the organisational structure of the Stericycle/STG business or to the management responsibilities within the Stericycle/STG business since 18 July 2006.

Material Developments

(o) Except as listed in paragraph (p) below there have been no:

(i) plant breakdowns at the Stericycle/STG business which have halted production for more than 24 hours or changes in the Stericycle/STG business' production which have affected the working pattern of more than five employees of the Stericycle/STG business;

(ii) substantial customer volumes won or lost for the Stericycle/STG business and no substantial changes to the Stericycle/STG business' customer contracts; or

(iii) substantial changes in the Stericycle/STG business contractual arrangements with key suppliers.

(p) [list of material developments]

Confidential Information

(q) No business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to the two businesses, has passed, directly or indirectly, from STG (or any of its employees, directors, agents or affiliates) to Stericycle (or any of its employees, directors, agents or affiliates), or vice versa.

FOR AND ON BEHALF OF Stericycle/STG

Signature

Name

Title

Date