

**IN THE REFERENCE CONCERNING THE ACQUISITION BY STERICYCLE
INTERNATIONAL LLC OF STERILE TECHNOLOGIES GROUP LIMITED**

**NOTICE OF DIRECTIONS ISSUED PURSUANT TO FINAL UNDERTAKINGS ACCEPTED
BY THE COMPETITION COMMISSION ON 30 JANUARY 2007**

For the purpose of giving effect to the undertaking in paragraph 2(j) of Part I of Appendix B to the Undertakings accepted by the CC on 30 January 2007; and to continue the separation of a number of functions within the Stericycle group of companies as are more particularly specified in the directions below, Stericycle International LLC, Stericycle International Limited and Stericycle Ireland Limited are now directed to renew and continue the arrangements for the appointment of a hold separate manager, and other matters set out in the directions below, first appointed under directions issued on 25 August 2006.

A handwritten signature in black ink, appearing to read 'Diana Guy', with a long horizontal flourish extending to the right.

DIANA GUY for the Competition Commission
On behalf of the Group
30 January 2007

IN THE REFERENCE CONCERNING THE ACQUISITION BY STERICYCLE INTERNATIONAL LLC OF STERILE TECHNOLOGIES GROUP LIMITED: DIRECTIONS FOR THE APPOINTMENT OF A HOLD SEPARATE MANAGER

Interpretation

In these Directions references to 'the Appendix' are references to Part I of Appendix B to the Undertakings accepted by the CC on 30 January 2007. Terms and expressions defined in the Appendix shall have the same meaning in these Directions, save as the context otherwise requires;

'**Part III Directions**' shall mean the Directions made by the CC under Part III of the Appendix;

[X]

'**Confidential Information**' shall have the same meaning as in the Appendix and, for the avoidance of doubt, shall include information relating to existing or new suppliers or customers, information relating to current and future capacity and utilization, know-how, in the form of weekly or monthly reports, or in any other form;

'**Directions**' shall mean these Directions, as amended from time to time;

'**Monitoring Trustee**' shall mean Grant Thornton;

'**Small Quantity**' business shall mean the business carried on by the small quantity group business of Stericycle known as Mediguard and the small quantity group business of STG known as Hygiene Services;

'**Specified Period**' means the period beginning on the Commencement Date and ending on Effective Disposal, and 'Commencement Date' and 'Effective Disposal' shall have the meanings accorded to them in the Undertakings accepted by the CC on 30 January 2007;

'**Stericycle Interim Team**' shall mean the team described in paragraph 1 of the First Schedule to these Directions;

'**STG Interim Team**' shall mean the team described in paragraphs 3, 4, and 5 of the First Schedule to these Directions;

'**WRE**' shall mean 'White Rose Environmental'.

Now for the purpose of preventing pre-emptive action (within the meaning of section 80(10) of the Act) by Stericycle LLC, Stericycle and STG pursuant to paragraph 1 of the Appendix, the CC issues the following written directions under paragraph 7 of the Appendix:

1. Stericycle LLC, Stericycle and STG shall take such steps as are necessary to put in place and maintain the organizational arrangements set out in these Directions in order to achieve an appropriate separation of Relevant Functions within Stericycle and STG; and
2. Stericycle LLC and STG shall ensure the continued appointment of a Hold Separate Manager in accordance with the terms provided for in these Directions and Stericycle LLC, Stericycle and STG shall comply with the obligations set out in these Directions.

Stericycle Europe and the Senior Management of the Stericycle Business

1. [X]
2. For the avoidance of doubt, if for any reason a person named above is not able to fulfil the function specified above, Stericycle LLC, Stericycle and STG shall take such steps as are necessary to find an alternative suitably qualified person and the Monitoring Trustee shall be kept informed.

Senior management of STG

3. [X]
4. [X]
5. [X]
6. For the avoidance of doubt, if for any reason a person named above is not able to fulfil the function specified above, Stericycle LLC, Stericycle and STG shall take such steps as are necessary to find an alternative suitably qualified person and the Monitoring Trustee shall be kept informed.

Sales and marketing functions—senior and middle management

7. [X]
8. [X]
9. [X]

Sales and marketing functions—other employees

10. [X]

Operations functions—senior and middle management

11. [X]
12. [X]
13. [X]

Operations functions—other employees

14. [X]

Finance functions—senior and middle management

15. [X]
16. All inter-company transactions shall be accounted for through arm's length charges to Stericycle or STG, as appropriate.

Finance functions—other employees

17. Other employees carrying out finance functions for Stericycle shall not be permitted to carry on functions for STG and vice versa except as expressly provided for in this schedule.

Logistics functions—senior and middle management

18. [X]
19. [X]
20. For the avoidance of doubt, no new supply contracts shall be entered into on behalf of the merged Stericycle business in accordance with paragraph 2(g) of the Appendix.
21. Any transport of waste by Stericycle on behalf of STG or by STG on behalf of Stericycle shall be monitored by the Monitoring Trustee and charged under terms negotiated on an arm's length basis.
22. Except with the prior written consent of the CC no change in bin size shall be effected by Stericycle or STG during the specified period.
23. No Stericycle technology shall be rolled out to STG and no STG technology shall be rolled out to Stericycle during the specified period, save as permitted in the schedule to the Order.

Logistics functions—other employees

24. Other employees carrying out logistics functions for Stericycle shall not be permitted to carry on functions for STG and vice versa except as expressly provided for in this schedule.

Environmental, health and safety function—senior and middle management

25. [X]
26. [X]

Environmental, health and safety functions—other employees

27. Other employees carrying out environmental, health and safety functions for Stericycle shall not be permitted to carry on functions for STG and vice versa except as expressly provided for in this schedule.

Human Resources functions—senior and middle management

28. [X]
29. Payrolls for the Stericycle business and the STG business shall be maintained separately.
30. Wages and salaries shall be properly cross charged to Stericycle or STG, as appropriate.

31. No Stericycle employee or STG employee shall be transferred from his current employer. STG shall retain autonomy over remuneration and bonuses to ensure that STG employees are encouraged to remain with STG in accordance with paragraph 2(k) of the Appendix.
32. Recruitment shall be carried out for Stericycle and STG separately.

Human resources functions—other employees

33. Other employees carrying out human resources functions for Stericycle shall not be permitted to carry on functions for STG and vice versa except as expressly provided for in this schedule.

Contracts with new customers

34. [X]

Confidential information

35. In accordance with paragraphs 2(l) and (m) of the Appendix and for the avoidance of doubt the Stericycle Interim Team shall not have access to Confidential Information relating to STG and the STG Interim Team shall not have access to confidential information relating to Stericycle, except that Confidential Information may be shared between the Stericycle interim team and the STG interim team if strictly necessary in the ordinary course of business.
36. [X]
37. For the avoidance of doubt in accordance with paragraph 2(n) of the Appendix. 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. Subject to paragraph 38 below, if Confidential Information relating to STG is passed to Stericycle LLC, Stericycle LLC shall not pass such information to Stericycle. If Confidential Information relating to Stericycle is passed to Stericycle LLC, Stericycle LLC shall not pass such information to STG.
38. Confidential Information flow shall be permitted to the extent necessary for and limited to the coordination of Stericycle and STG's proceedings brought under section 120 of the Act with the Competition Appeal Tribunal or any other court of law. The Monitoring Trustee shall monitor such Confidential Information flow and for the avoidance of doubt paragraph 15 of Part III of Appendix B shall apply.

Compliance statements

39. [X]

The appointment of the Hold Separate Manager

40. Stericycle LLC and STG shall continue the employment of the current hold separate manager (the Hold Separate Manager) with the primary function described in paragraph 43 below.

41. Stericycle LLC and STG shall ensure that the terms of appointment of the Hold Separate Manager give effect to the provisions of the Appendix and that any changes to the terms of appointment will be approved by the CC in accordance with the provisions of paragraph 55 below.
42. Stericycle LLC and STG shall, and will ensure that their subsidiaries shall, cooperate fully with the Hold Separate Manager in accordance with the provisions of paragraphs 47 and 48 below.
43. The primary function of the Hold Separate Manager will be to exercise day-to-day management and control of the STG business so as to preserve the possibility of restoring effective competition in the markets affected by the merger through the separation from Stericycle of a viable, saleable, competitive STG business. The Hold Separate Manager will exercise management and control of the STG business in such a way as to ensure that it is held separate from the Stericycle business in line with these Directions.
44. In addition to the primary function, the Hold Separate Manager will also:
 - (a) assist the CC to monitor the extent of compliance by STG and shall in particular provide the CC with compliance statements on a fortnightly basis and also provide any information in the possession of the Hold Separate Manager that may suggest that a breach of the Appendix may have taken place as soon as is practicable after receipt of the information;
 - (b) assist the CC (at the request of the CC) to respond to any request that may be made by STG, Stericycle LLC or Stericycle to the CC for a consent under the Appendix; and
 - (c) otherwise assist the CC to prevent STG, Stericycle LLC and Stericycle taking pre-emptive action within the specified period;

and the 'Hold Separate Manager's functions' shall include the performance of the primary function, the performance of the functions in this paragraph 44, and the performance of any other act or task necessary for the performance of those functions of the Hold Separate Manager including the performance of the reporting obligations in paragraph 50 below.

45. In furtherance of the Hold Separate Manager's functions the Hold Separate Manager shall take such steps as the Hold Separate Manager reasonably considers necessary including but not limited to:
 - (a) giving such directions to the officers and staff of STG, including any person holding such position on a temporary basis as are necessary for the fulfilment of the Hold Separate Manager's functions;
 - (b) attending such meetings of employees, officers (including board meetings, and meetings of any committee of the board) and members of STG as the Hold Separate Manager considers necessary for the fulfilment of the Hold Separate Manager's functions;
 - (c) attending meetings of employees or officers of STG as the Hold Separate Manager may consider necessary (including meetings convened at the instigation of the Hold Separate Manager) for the fulfilment of the Hold Separate Manager's functions; and

- (d) complying with such requests as the CC may reasonably make for the purpose of ensuring compliance by STG or Stericycle LLC with their obligations under or in relation to the Directions.
46. Stericycle LLC or STG shall remunerate the Hold Separate Manager, and shall reimburse the Hold Separate Manager in full for all reasonable costs and expenses properly incurred, in accordance with the terms and conditions of the Hold Separate Manager's appointment, provided that such remuneration and reimbursement shall not give rise to any conflict of interest or otherwise impair the ability of the Hold Separate Manager to discharge the Hold Separate Manager's functions and:
- (a) for the avoidance of doubt such reimbursement shall include the fees and disbursements of such legal or other professional advisers, consultants and assistants as the Hold Separate Manager reasonably considers necessary for the discharge of the Hold Separate Manager's functions; and
- (b) any appointment of advisers, consultants or assistants and any individual item of costs or expenses in excess of £1,000.00 shall not be reasonably incurred without the prior written consent (which may be general) of the CC. Where the CC grants the Hold Separate Manager consent to incur any such liability the Hold Separate Manager shall promptly inform STG and Stericycle LLC.
47. STG and Stericycle LLC and their subsidiaries shall comply with the directions of and cooperate fully with, and shall ensure that their employees, officers, advisers and consultants shall comply with the directions of and cooperate fully with the Hold Separate Manager in the performance by the Hold Separate Manager of the Hold Separate Manager's functions.
48. Without prejudice to the generality of paragraph 47, that cooperation shall include:
- (a) the grant to the Hold Separate Manager of all such rights, powers and authorities as are necessary for the performance of the Hold Separate Manager's functions;
- (b) the provision of such facilities as are necessary for the discharge by the Hold Separate Manager of the Hold Separate Manager's functions, including the provision of an office with a workstation, telephone, fax machine and a computer at such premises of the STG business as the Hold Separate Manager may reasonably require; and
- (c) the provision of full and complete access to all personnel, books, records, documents, facilities and information of STG and Stericycle LLC as the Hold Separate Manager may reasonably require.
49. Nothing in the functions of the Hold Separate Manager shall require or entail the disclosure to the CC of information or documents that either of Stericycle LLC or STG would be entitled to withhold from the CC on the grounds of legal privilege.
50. The Hold Separate Manager should notify the CC immediately on the formation by the Hold Separate Manager of a reasonable suspicion that the Appendix has been breached, or if the Hold Separate Manager is unable effectively to carry out the Hold Separate Manager's functions. In either situation, the Hold Separate Manager should give reasons and attach any supporting evidence (so far as the Hold Separate Manager is permitted to do so by paragraph 49).
51. All communications between the Hold Separate Manager and the CC (including the statements and reports of the Hold Separate Manager referred to in paragraphs 44

and 50) shall be confidential and shall not be disclosed to Stericycle LLC, Stericycle or STG by the Hold Separate Manager without the express written permission of the CC. In relation to the possibility of disclosure of such communications to persons other than Stericycle LLC or STG, the CC shall act in accordance with the provisions of Part 9 of the Act. The Hold Separate Manager shall not disclose such communications to third parties.

General

52. The Hold Separate Manager shall possess appropriate qualifications and experience to carry out the Hold Separate Manager's functions.
53. The Hold Separate Manager shall be independent of STG, Stericycle LLC and Stericycle and shall have no conflict of interest.
54. The remuneration and reimbursement of the Hold Separate Manager shall not impede the independence or effectiveness of the Hold Separate Manager.
55. Any amendment to the terms and conditions of the Hold Separate Manager's appointment shall be subject to the approval of the CC. The terms of the Hold Separate Manager's appointment shall include:
 - (a) all the provisions necessary to give effect to these Directions (including any necessary conditions as to confidentiality and restrictions on future employment);
 - (b) an indemnity by Stericycle LLC and STG by which the Hold Separate Manager and any assistant appointed by the Hold Separate Manager is held harmless against any losses, claims, damages, liabilities or expenses arising out of or in connection with the performance of the Hold Separate Manager's functions except to the extent that such losses, claims, damages, liabilities or expenses shall be caused by the bad faith or gross negligence of the Hold Separate Manager;
 - (c) shall provide that the only method of termination of the appointment of the Hold Separate Manager is by Stericycle LLC and STG acting on the direction of the CC.
56. The CC may issue such further directions as it considers necessary to ensure compliance with the Appendix, including, where the appointment of the Hold Separate Manager pursuant to these Directions has been terminated, directions for the appointment of a further Hold Separate Manager.

FIGURE 1



FIGURE 2

Operations (and logistics) structure



FIGURE 3

Finance and accounting structure

