



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

RICK SIU, Derivatively and on Behalf of
the Nominal Defendant STERICYCLE,
INC.,

Plaintiff,

v.

MARK C. MILLER, JACK W. SCHULER,
CHARLES A. ALUTTO, LYNN DORSEY
BLEIL, THOMAS D. BROWN, THOMAS
F. CHEN, RODNEY F. DAMMEYER,
WILLIAM K. HALL, JOHN PATIENCE,
MIKE S. ZAFIROVSKI, DAN GINNETTI,
BRENT ARNOLD, FRANK TEN BRINK,
and RICHARD KOGLER,

Defendants,

-and-

STERICYCLE, INC.,

Nominal Defendant.

C.A. No. 2018-0273-JTL

**STIPULATION AND AGREEMENT OF
SETTLEMENT, COMPROMISE, AND RELEASE**

This Stipulation and Agreement of Settlement, Compromise, and Release (the “Settlement”) is entered into between and among the following parties, by and through their respective counsel, in the above-captioned Action¹: (i) Plaintiff, derivatively on behalf of Stericycle, Inc. (“Stericycle” or the “Company”) for the benefit of Stericycle; (ii) Defendants; (iii) and Stericycle, as nominal defendant.

¹ All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in ¶ 1 herein.

This Stipulation sets forth the terms and conditions of the Settlement of the Action, and is intended by the Parties to fully, finally and forever resolve, discharge and settle all Released Claims as against the Released Parties, subject to the approval of the Court.

WHEREAS:

A. On April 12, 2018, Plaintiff filed a derivative complaint (the “Complaint”) on behalf of the Company against Defendants in the Delaware Court of Chancery (the “Court”), C.A. No. 2018-0273-JTL (the “Action”). In the Complaint, among other things:

- Plaintiff alleged that Stericycle specializes in the regulated collection and disposal of medical, pharmaceutical, and industrial hazardous waste and Stericycle’s customers fall into one of two broad categories: large-quantity (“LQ”) customers and small-quantity (“SQ”) customers, which include outpatient medical clinics, medical and dental offices, long-term and sub-acute care facilities, veterinary offices, and retail pharmacies, which generate relatively low volumes of regulated waste. Plaintiff further alleged that, in 2016, SQ customers made up 95% of Stericycle’s customer base and accounted for over 60% of Stericycle’s revenues from 2013 onward.

- Plaintiff alleged that Stericycle maintains standard service agreements, called Steri-Safe Service Agreements, with its SQ customers whereby Stericycle collects and disposes of their regulated waste in exchange for a fixed-price fee, with contract terms ranging from one to five years and which expressly limited the circumstances under which Stericycle could increase the subscription rates charged to customers. The Steri-Safe Service Agreements provided:

Stericycle reserves the right to adjust the contract price to account for operational changes it implements to comply with documented changes in law, to cover increases in the cost of fuel, insurance, or residue disposal or to otherwise address cost escalation.

- According to the Complaint, the Steri-Safe Service Agreements allowed Stericycle to increase fees charged its SQ customers only to account for: (i) “documented changes in law” or (ii) “to cover increases in the cost of fuel, insurance, residue disposal, or to otherwise address cost escalation.” The Complaint further alleged that the Company told stockholders in public filings with the SEC that its contracts with customers were based on a “predetermined subscription fee” and that Stericycle recognized revenues “evenly over the contractual service period.”

- Plaintiff alleged that Stericycle systematically and unilaterally increased prices for its SQ customers on its Steri-Safe Service Agreements with the Board's knowing participation. According to the Complaint, Stericycle unilaterally raised its customers' rates by imposing standard, automatic percentage price increases (typically 18%) on its customers as often as every six months and by imposing numerous fees and other surcharges that had no relation to actual costs incurred in servicing a particular contract, and were not the result of a documented change in the law.
- Plaintiff alleged that Stericycle hid these price increases from its customers, issuing an invoice for the new, inflated price without notice. The Complaint alleged that, contrary to the SQ customer contracts' requirement that such price increases be related to costs incurred, Stericycle modified the frequency of its price increases to align with the revenue targets Stericycle set.

B. Plaintiff filed the Complaint after several other suits had been filed against Stericycle and certain of its leadership asserting similar allegations. In particular:

- On April 28, 2008, a former Stericycle employee ("Relator") filed claims on behalf of the United States of America and 14

states, alleging that the Company had violated the federal False Claims Act and its state analogues, captioned *Perez v. Stericycle, Inc.*, 08-cv-2390 (N.D. Ill.) (the “*Qui Tam* Action”). Defendants denied the allegations in the *Qui Tam* Action. On February 1, 2016, Stericycle agreed to settle the *Qui Tam* Action, including by making a \$28.5 million payment to be allocated amongst Relator, the United States, and the 14 states, without admitting any fault or wrongdoing.

- On April 15, 2013, certain Stericycle SQ customers filed the first of several class actions, which were ultimately consolidated by the Panel on Multidistrict Litigation in a single action before the United States District Court for the Northern District of Illinois, captioned *In re: Stericycle, Inc. Steri-Safe Contract Litig.*, 13-cv-5795 (N.D. Ill.) (the “MDL Action”). In the MDL Action, plaintiffs asserted claims against the Company for allegedly unauthorized and unjustified fees and surcharges imposed on them, in purported breach of Stericycle’s uniform Steri-Safe contracts. Stericycle denied the allegations in the MDL Action. Stericycle agreed to settle the claims, including a \$295 million

payment to members of the class, without admitting any fault or wrongdoing.

- On July 11, 2016, certain shareholders filed a class action complaint against the Company, certain officers and directors, and Underwriters, captioned *St. Lucie County Fire District Firefighters Pension Trust Fund v. Stericycle, Inc.*, 16-cv-07145 (N.D. Ill.) (the “Securities Action”). based on allegations concerning the Company’s pricing practices similar to those made in the MDL Action. The Securities Action asserted violations of Sections 11, 12(a), and 15 of the Securities Act and Sections 10(b) and 20(a) of the Securities Exchange Act. Defendants denied the allegations in the Securities Action and filed a motion to dismiss all claims. Prior to a ruling on that motion, on December 19, 2018, Stericycle announced that it had reached an agreement in principle to settle the Securities Action (the “Proposed Securities Class Action Settlement”), including by creating a common fund of \$45 million, the large majority to be paid by the company’s insurers, out of which will be paid all compensation to class members, plaintiffs’ attorneys’ fees and other costs of administration. In the Proposed Securities Class

Action Settlement, Stericycle and the other defendants admitted no fault or wrongdoing.

C. Prior to filing the Action, by letter dated October 27, 2017, Plaintiff made a demand on the Company pursuant to 8 *Del. C.* §220 to inspect certain of the Company's books and records (the "Demand"). The Company produced certain documents pursuant to that Demand, which Plaintiff reviewed prior to filing the Complaint.

D. On May 21, 2018, by joint motion, the Action was stayed pending resolution of the motion to dismiss that was then pending in the Securities Action.

E. In October 2018, the parties agreed to mediate the Action. The parties retained Greg Lindstrom ("Mr. Lindstrom") of Phillips ADR to mediate their dispute. The Parties exchanged mediation statements, and Plaintiff made a settlement demand. Prior to the mediation, the Parties separately had multiple phone calls with Mr. Lindstrom to discuss the merits of their allegations and their respective positions. On October 22, 2018, the Parties attended a mediation in Chicago, Illinois, before Mr. Lindstrom. After a full day session, the Parties made progress on several important issues, but were unable to reach a comprehensive settlement agreement. Over the following weeks, in continued consultation with Mr. Lindstrom, the Parties reached an agreement in principle on substantive terms to settle the Action and, on December 7, 2018, executed a memorandum of

understanding (the “MOU”). This Stipulation memorializes the terms of the Parties’ agreement to settle the Action.

F. The Parties have reached an agreement regarding plaintiffs’ request of attorneys’ fees. Plaintiff intends to submit a Fee and Expense Application, and also intend to request an incentive award for Plaintiff.

G. Plaintiff has owned Stericycle common stock since the outset of the Action and continues to do so. Plaintiff, having thoroughly considered the facts and law underlying the Action, and based upon the investigation and prosecution of the Action and the mediation that led to the Settlement, and after weighing the risks of continued litigation, has determined that it is in the best interests of Stericycle and its stockholders that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation, and that these terms and conditions are fair, reasonable, and adequate to Stericycle and its stockholders.

H. Defendants have denied and continue to deny each and all of the claims and contentions alleged by the Plaintiff in the Action, including any and all allegations of wrongdoing, allegations of liability, and the existence of any damages asserted in or arising from the Action. Without limiting the generality of the foregoing, Defendants have denied and continue to deny that they acted improperly in connection with the allegations asserted in the Action, that they sold shares with insider information, or that any misstatements or materially misleading omissions

were made. Further, Defendants believe that they have substantial defenses to the claims alleged against them in the Action. Defendants have further asserted that, at all relevant times, they acted in good faith, and in a manner they reasonably believed to be in the best interests of Stericycle and its stockholders. Nevertheless, Defendants have concluded that further litigation in connection with the Action would be time-consuming and expensive. After weighing the costs, disruption, and distraction of continued litigation, they have determined, solely to eliminate the risk, burden, and expense of further litigation, and without admitting any wrongdoing or liability whatsoever, that the Action should be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation.

NOW THEREFORE, IT IS STIPULATED AND AGREED, by and among the Parties, by and through their undersigned counsel, and subject to the approval of the Court, that the Action shall be fully and finally compromised and settled, that the Released Claims shall be released as against the Released Parties, and that the Action shall be dismissed with prejudice, upon and subject to the terms and conditions of the Settlement, as follows:

DEFINITIONS

1. The following terms, as used in this Stipulation, have the meanings specified below:

- a. “Action” means the derivative action captioned *Siu v. Miller*, C.A. No. 2018-0273-JTL, currently pending before the Court.
- b. “Court” means the Court of Chancery of the State of Delaware.
- c. “Defendants” means Mark C. Miller, Jack W. Schuler, Charles A. Alutto, Lynn Dorsey Bleil, Thomas D. Brown, Thomas F. Chen, Rodney F. Dammeyer, William K. Hall, John Patience, Mike S. Zafirovski, Dan Ginnetti, Brent Arnold, Frank Ten Brink, and Richard Kogler.
- d. “Effective Date” means the first date by which all of the conditions precedent set forth in paragraph 14 below have been met and occurred or have been waived in writing by the Parties.
- e. “Fee and Expense Application” means the application by Plaintiff’s Counsel to be filed with the Court for an award of attorneys’ fees and reimbursement of litigation expenses and incentive awards for Plaintiff.
- f. “Final” with respect to the judgment approving the Settlement or any other court order means: (i) if no appeal from an order or judgment is taken, the date on which the time for taking such an appeal expires; or (ii) if any appeal is taken, the date on which all appeals, including petitions for rehearing or reargument, have been finally disposed of (whether through expiration of time to file, through denial of any request for review, by affirmance on the merits or otherwise).

g. “Final Order and Judgment” means the Order and Judgment of the Court, substantially in the form attached hereto as Exhibit A, approving the Settlement and dismissing the Action with prejudice without costs to any Party (except as provided in this Stipulation).

h. “Notice” means the Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing and Right to Appear, substantially in the form attached hereto as Exhibit B.

i. “Parties” means Plaintiff, Defendants, and nominal defendant, Stericycle.

j. “Person” means any individual, corporation, professional corporation, limited liability company, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or entity and their respective agents, consultants, spouses, heirs, predecessors, successors, personal representatives, representatives, and assigns.

k. “Plaintiff” means Rick Siu.

l. “Plaintiff’s Counsel” means the law firms Scott+Scott Attorneys at Law LLP and Andrews & Springer LLC.

m. “Released Claims” means all Released Plaintiffs’ Claims and all Released Defendants’ Claims.

n. “Released Defendants’ Claims” means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys’ fees, actions, potential actions, causes of action, suits, judgments, defenses, counterclaims, offsets, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims, which were or which could have been asserted by any of the Defendants in any court, tribunal, forum or proceeding, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule, and which are based upon, arise out of, relate in any way to, or involve, directly or indirectly, (i) the actions, inactions, deliberations, discussions, decisions, votes, or any other conduct of any kind by any of the Released Parties, relating in any way to any agreement, transaction, occurrence, conduct, or fact alleged or set forth in the Verified Stockholder Derivative Complaint or (ii) the commencement, prosecution, defense, mediation or settlement of the Action, including, but not limited to, discovery produced in the Action; provided, however, for the avoidance of doubt, that the

Released Defendants' Claims shall not include any claims to enforce this Stipulation, the Settlement, the Final Order and Judgment, or any other document memorializing the Settlement of the Action.

o. "Released Defendants" means, whether or not each or all of the following Persons were named, served with process, or appeared in the Action, (i) Defendants, Defendants' counsel, and Stericycle; (ii) the current and former parents (including general or limited partners), affiliates, subsidiaries, successors, predecessors, assigns, and assignees of each of the Defendants, Defendants' counsel, and Stericycle; and (iii) all of the former or current agents, controlling persons, principals, members, managers, managing members, direct or indirect equity holders, employees, officers, directors, trustees, predecessors, successors, attorneys, heirs, insurers, reinsurers, co-insurers, underwriters, accountants, auditors, consultants, other representatives, servants, respective past or present family members, spouses, agents, fiduciaries, corporations, bankers, estates, and advisors of each Person listed in (i) and (ii), in their capacities as such, and each of their current and former officers, directors, employees, parents, affiliates, subsidiaries, successors, predecessors, assigns, and assignees, in their capacities as such.

p. "Released Parties" means the Released Defendants and the Released Plaintiffs.

q. “Released Plaintiffs’ Claims” means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys’ fees, actions, potential actions, causes of action, suits, judgments, defenses, counterclaims, offsets, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims, (i) that Plaintiff asserted in the Verified Stockholder Derivative Complaint; or (ii) that Plaintiff could have asserted derivatively on behalf of Stericycle in any court, tribunal, forum or proceeding, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule, and which are based upon, arise out of, relate in any way to, or involve, directly or indirectly, the actions, inactions, deliberations, discussions, decisions, votes, or any other conduct of any kind by any of the Released Parties, relating in any way to any agreement, transaction, occurrence, conduct, or fact alleged or set forth in the Verified Stockholder Derivative Complaint, or (ii) that Plaintiff could have asserted derivatively on behalf of Stericycle in any court, tribunal, forum or proceeding, whether based on state, local, foreign, federal, statutory, regulatory, common, or other law, rule, or regulation, and that are based upon, arise out of, or relate to the actions, inactions,

deliberations, discussions, decisions, votes, or any other conduct of any kind by any of the Released Defendants relating to any agreement, transaction, occurrence, conduct, or fact alleged or set forth in the Verified Stockholder Derivative Complaint; provided, however, for the avoidance of doubt, that the Released Plaintiffs' Claims shall not include (i) those direct stockholder claims asserted in the Securities Action; or (ii) any claims to enforce this Stipulation, the Settlement, or the Final Order and Judgment.

r. "Released Plaintiffs" means Plaintiff, Plaintiff's Counsel, Stericycle, Stericycle Stockholder(s), and any and all of their former or current agents, parents, controlling persons, general or limited partners, members, managers, managing members, direct or indirect equity holders, subsidiaries, affiliates, employees, officers, directors, predecessors, successors, attorneys, heirs, successors, assigns, insurers, reinsurers, consultants, other representatives, servants, respective past or present family members, spouses, agents, fiduciaries, partners, corporations, direct or indirect affiliates, bankers, estates, and advisors.

s. "Releases" means the releases set forth in paragraphs 7 and 8 below.

t. "Scheduling Order" means the scheduling order to be entered pursuant to Rule 23.1 of the Rules of the Court of Chancery, substantially in the form attached hereto as Exhibit C.

u. “Settlement” means the settlement and resolution of the Action on the terms and conditions contained in this Stipulation.

v. “Settlement Hearing” means a hearing required under Rule 23.1 of the Rules of the Court of Chancery, at or after which the Court will review the adequacy, fairness and reasonableness of the Settlement and determine whether to issue the Final Order and Judgment.

w. “Stericycle” means Stericycle, Inc.

x. “Stericycle Stockholder(s)” means any and all persons and entities who hold of record, or beneficially own, shares of Stericycle as of the close of business on the date of this Stipulation.

y. “Stipulation” means this Stipulation and Agreement of Settlement, Compromise and Release dated February 25, 2019.

z. “Unknown Claims” means any Released Claims that a Person granting a Release hereunder does not know or suspect to exist in his, her or its favor at the time of the Release, including, without limitation, those that, if known, might have affected the decision to enter into or object to the Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date, Plaintiff and Defendants shall have expressly waived, and Stericycle shall be deemed to have, and by operation of the Final Order and Judgment by the Court shall have, waived, relinquished, and released any all provisions, rights and benefits conferred

by or under California Civil Code § 1542 (and equivalent, comparable, or analogous provisions of the laws of the United States or any state or territory thereof, or of the common law). California Civil Code § 1542 provides that:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Plaintiff, Defendants, and Stericycle acknowledge, and all other Stericycle Stockholders by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true with respect to the Released Claims, but that it is the intention of Plaintiff, Defendants, and Stericycle, and all other Stericycle Stockholders by operation of law, to completely, fully, finally and forever extinguish any and all Released Claims without regard to the subsequent discovery of additional or different facts. Plaintiff, Defendants, and Stericycle acknowledge, and all other Stericycle Stockholders by operation of law shall be deemed to have acknowledged, that this waiver and the inclusion of “Unknown Claims” in the definition of “Released Claims” was separately bargained for and was a material element of the Settlement and was relied upon by each and all of the Parties in entering into this Stipulation and agreeing to the Settlement.

aa. “Verified Stockholder Derivative Complaint” means the Verified Stockholder Derivative Complaint filed by Plaintiff on April 12, 2018.

SETTLEMENT CONSIDERATION

2. In consideration of the full settlement, satisfaction, compromise and release of the Released Plaintiffs’ Claims and the dismissal with prejudice of the Action, the Parties agree as specified below.

3. Stericycle and the Defendants acknowledge that the litigation efforts of Plaintiff and Plaintiff’s Counsel caused Defendants and/or their insurance carriers to agree to make the cash payment to Stericycle, and were a substantial factor in the Company’s decision to agree to the corporate governance reforms described in this Settlement.

4. This Settlement has been approved by those Stericycle director(s) who have not been named as defendants in the Action as being in the best interests of the Company.

5. In consideration of the settlement, Defendants will pay and/or cause their insurance carriers to pay \$7,500,000.00 to Stericycle, less any amounts ordered by the Court to be paid for Plaintiff’s attorneys’ fees and expenses or as a service award to Plaintiff.

6. The Board of Directors of Stericycle (the “Board”) has or shall adopt resolutions and amend committee charters to the extent necessary for the

implementation of the corporate governance changes set forth below. The corporate governance changes set forth herein shall be maintained for a period of at least four years, unless any provision (or part of any provision) is rendered unlawful or ill-advised under any statute or regulation. The Board may exercise its discretion in deciding whether to continue any of the corporate governance changes after four years.

a. Board Composition. Subsequent to receiving Plaintiff's demand letter, Stericycle appointed two new independent directors to the Company's Board of Directors (the "Board").

b. Board Independence.

(i) Stericycle shall maintain an Independent, Non-Executive Chair for the Company's Board.

(ii) Stericycle shall require that the Independent Directors meet regularly in executive session during regularly-scheduled Board meetings and shall have the power to call for reporting from any business unit.

(iii) Stericycle shall, no less than annually, determine the independence of each director under the qualitative independence requirements outlined under Rule 5600 Series of the NASDAQ listing standards and relevant SEC rules.

(iv) In determining whether to recommend an incumbent Director for re-election, Stericycle's Nomination & Governance Committee will take into consideration the Director's length of service on the Board.

c. Director Orientation and Continuing Education.

(i) Every new member of the Board shall, within six months of election or appointment, receive initial orientation regarding, among other things, their responsibilities as directors under law and the listing standards of the NASDAQ stock market.

(ii) Every new member of the Board, shall, within six months of election or appointment, receive initial orientation regarding the Company's accounting and risk management practices, compliance programs and Code of Conduct.

(iii) Each Director will participate annually in compliance training. The Company will encourage all Directors to participate in ongoing continuing education and will provide reimbursement for any such outside continuing education.

d. Additional Board-Level Reforms.

(i) Stericycle shall encourage all Directors to attend the Company's annual meeting of stockholders in person, absent extenuating circumstances.

(ii) The Nominating and Governance Committee shall amend its charter to require an annual review and reassessment of its charter.

(iii) All stockholder proposals shall be reviewed by Stericycle's Nominating & Governance Committee, which shall include at least three (3) independent directors, who will make a recommendation to the Board for final decision.

(iv) Once a year, the Board's independent directors shall meet without management to discuss the Company's "tone at the top" and whether the Company has established a culture of integrity.

(v) Stericycle shall require the Nominating & Governance Committee to review and reassess the Corporate Governance Guidelines on at least an annual basis.

(vi) Stericycle shall keep polls open at the Annual Meeting until all agenda items have been discussed and stockholders have had an opportunity to ask questions.

e. Audit Committee Reforms.

(i) Stericycle's Audit Committee shall review and approve all Forms 10-Q, 10-K and all proxy statements.

(ii) Stericycle's Audit Committee Chair shall meet with the Company's independent outside auditor at least six times per year, including before the filing of Forms 10-Q and 10-K with the SEC.

(iii) The Chief Ethics & Compliance Officer ("CECO") shall attend all regularly scheduled Audit Committee meetings. The CECO shall provide updates to the Audit Committee at least twice a year and to the full Board at least annually.

(iv) The Audit Committee shall review with management and any outside professionals important trends and developments and requirements in financial reporting practices and their effect on the Company's financial statements.

f. Internal Control Reforms.

(i) The Audit Committee, working with Internal Audit, will conduct formal reviews of pricing and contracting practices for its U.S. Small Quantity Regulated Medical Waste business as part of its annual review process, and will highlight any issues to the Board.

(ii) The Board shall implement a written Delegation of Authority, which shall specify, among other things, approval and signatory authority for transactions at all levels of the organization and shall specify which matters

must be brought to the Board for consideration and approval, including contracts, acquisitions, divestitures and other matters.

(iii) Stericycle shall maintain standard contracts for U.S. Small Quantity Regulated Medical Waste customers that include limits on annual automatic price increases and transparent all-in pricing provisions through June 7, 2021.

(iv) Stericycle shall update and expand its internal accounting audit and financial controls, and maintain a separate Chief Accounting Officer and Vice President for Internal Audits.

(v) Stericycle shall implement substantial improvements regarding disclosures and controls, which shall include a formal Disclosure Committee process to oversee the accuracy and completeness of the Company's disclosures. The Disclosure Committee shall be chaired by the General Counsel and Chief Accounting Officer and shall also include the CECO, Chief People Officer, head of Internal Audit and Stericycle's Securities Counsel.

(vi) Stericycle shall in good faith pursue implementation of a new Enterprise Resource Planning ("ERP") system. Stericycle also shall significantly enhance the Company's systems and processes for financial controls and management reporting.

g. Ethical and Code of Conduct Controls.

(i) Stericycle shall maintain a Code of Business Conduct and Ethics that requires every team member to conduct themselves in compliance with all applicable laws, rules and regulations in the countries in which they operate, as well as with all of Stericycle's policies and procedures. The Code shall require team members to report to management any possible breaches of the Code itself or known or suspected violations of laws or governmental regulations, ethics, and conflicts of interest.

(ii) Stericycle shall maintain a Chief Ethics and Compliance Officer who shall be responsible for, and lead the implementation of, a global compliance program.

h. Insider Trading and Compensation Controls

(i) Stericycle will maintain a Securities Trading Compliance Officer, who shall be the General Counsel of the Company and their designees or, in certain cases the Chair of the Audit Committee of the Board or the Company's Chief Financial Officer.

(ii) The Securities Trading Compliance Officer will be responsible for overseeing compliance with the Company's Insider Trading Policy and 10b5-1 Plan Guidelines, including reviewing and approving (i) all proposed transactions by the Company's directors and those employees subject to

Section 16 of the Securities Exchange Act, (ii) 10b5-1 plans (and any modifications or changes to such plans) entered into by such directors and employees, and (iii) any requests for waivers/exceptions to the Insider Trading Policy and 10b5-1 Plan Guidelines.

(iii) The Audit Committee will be responsible for (i) reviewing and approving the Insider Trading Policy and 10b5-1 Plan Guidelines and any amendments and modifications thereto, and (ii) conducting quarterly reviews of the activities of the Securities Trading Compliance Officer.

(iv) The Securities Trading Compliance Officer will make quarterly reports to the Audit Committee concerning transactions and plan under the Insider Trading Policy and 10b5-1 Plan Guidelines reviewed during the prior quarterly period.

(v) Stericycle will add the following language to its Insider Trading Policy: “In the event of a violation of this policy, the Company reserves all its available rights and remedies with respect thereto, up to and including termination of employment and disgorgement of profits.”

(vi) The Securities Trading Compliance Officer will provide recommendations to the Audit Committee on whether to approve any requests to waive any lock-up provisions or blackout trading restrictions, which will then be subject to approval by the Audit Committee. No member of the Audit

Committee will participate in the deliberations, review, or approval of any request to waive any lock-up provisions or blackout trading restrictions made by such committee member or committee member's affiliate.

(vii) Stericycle shall maintain strengthened insider trading controls by revising its Insider Trading Guidelines to include pre-clearance procedures for designated insiders.

(viii) Stericycle shall adopt and implement a policy that complies with the SEC's incentive compensation clawback regulations.

(ix) Stericycle shall require annual certification of completed training on the Company's Code of Conduct for any team member eligible to receive incentive compensation.

i. Reforms to Whistleblower Program.

(i) Stericycle shall maintain a global whistleblower line that shall be publicized through the Company. The Company shall also maintain a report of complaints and their outcomes.

(ii) The whistleblower system shall allow employees to report anonymously where permitted by law. The whistleblower line shall allow the Company to communicate with employees via a confidential and anonymous PIN system so that the employee's identity remains undisclosed. Access to

whistleblower reports shall be restricted to limited personnel. The Company shall also maintain a strict non-retaliation policy.

(iii) Stericycle shall adopt an escalation policy for its whistleblower program that requires certain high risk reports to be reviewed by an Investigation Committee comprised of the CECO, General Counsel, and Chief People Officer.

(iv) The escalation policy shall also call for certain high risk reports involving senior leadership to be further escalated to the Audit Committee.

j. Employee Training. Stericycle shall require: annual compliance training for all employees on its Code of Conduct, annual training for its accounting team members on compliance with GAAP, and annual training for the disclosure committee and executive officer of the federal and state securities laws applicable to Stericycle's operations.

RELEASES

7. Upon the Effective Date, Plaintiff and each and every other Stericycle Stockholder, derivatively on behalf of Stericycle, and Stericycle directly, shall be deemed to have fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged the Released Claims excluding claims relating to the enforcement of the settlement.

8. Upon the Effective Date, Defendants, Stericycle, and each of the other Released Defendants shall be deemed to have, and by operation of law and of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Defendants' Claims against the Released Plaintiffs and any and all claims (including Unknown Claims) arising out of, relating to, or in connection with the prosecution, settlement, or resolution of the Action against the Released Plaintiffs, and shall be forever enjoined from prosecuting the Released Defendants' Claims. Nothing herein shall in any way impair or restrict the rights of any Party to enforce the terms of this Stipulation.

SCHEDULING ORDER; STAY OF PROCEEDINGS

9. Promptly after the execution of this Stipulation, the Parties shall jointly request entry of the Scheduling Order: (i) approving the form and manner of notice to Stericycle Stockholders of the pendency of the Action, the Settlement, and their right to object; (ii) establishing the procedure and schedule for the Court's consideration of the Settlement, dismissal of the Action with prejudice, and Plaintiff's anticipated Fee and Expense Application; and (iii) staying all further proceedings in the Action except as may be necessary to implement the Settlement.

NOTICE

10. The Scheduling Order will provide that Stericycle shall mail, or cause to be mailed, the Notice to each Person who was a stockholder of record of Stericycle

as of the date that this Stipulation was submitted to the Court (other than Defendants) at his, her, or its last known address appearing in the stock transfer records maintained by or on behalf of Stericycle as of the close of business on the date that the Stipulation was filed with the Court. All Stericycle Stockholders who are record holders of Stericycle common stock on behalf of beneficial owners shall be requested in the Notice to forward the Notice to such beneficial owners of those shares. Stericycle shall use reasonable efforts to give notice to such beneficial owners by causing additional copies of the Notice (i) to be made available to any record holder who, prior to the Settlement Hearing, requests the same for distribution to beneficial owners, or (ii) to be mailed to beneficial owners whose names and addresses Stericycle receives from record owners.

11. Stericycle shall fund all costs and expenses related to providing notice of the Settlement irrespective of whether the Court approves the Settlement, and in no event shall Plaintiff or his counsel be responsible for any notice costs.

FINAL ORDER AND JUDGMENT; DISMISSAL OF THE ACTION

12. If the Court approves the Settlement at or following the Settlement Hearing, the Parties shall jointly and promptly request that the Court enter the Final Order and Judgment in the Action.

13. Upon entry of the Final Order and Judgment, the Action shall be dismissed in its entirety with prejudice, with Plaintiff, Defendants, and Stericycle

each to bear his, her, or its own fees, costs and expenses, except as expressly provided in this Stipulation.

CONDITIONS OF SETTLEMENT AND TERMINATION

14. The Effective Date of the Settlement shall be deemed to occur on the occurrence or waiver in writing by all Parties of all of the following events:

- (a) the Court has entered the Scheduling Order, substantially in the form attached hereto as Exhibit C;
- (b) the Court has entered the Final Order and Judgment;
- (c) the Final Order and Judgment becomes Final; and
- (d) the Action is dismissed with prejudice.

15. Plaintiff and Defendants (provided Defendants unanimously agree amongst themselves) shall each have the right to terminate the Settlement and this Stipulation, by providing written notice of their election to do so (“Termination Notice”) to the other Parties within thirty calendar days of: (a) the Court’s final refusal to enter the Scheduling Order in any material respect; (b) the Court’s final refusal to approve the Settlement or any material part thereof; (c) the Court’s final refusal to enter the Judgment in any material respect as to the Settlement; or (d) the date upon which an order vacating, modifying, revising or reversing the Judgment becomes Final. However, any decision or proceeding, whether in this Court or any appellate court, solely with respect to an application for an award of attorneys’ fees

or litigation expenses shall not be considered material to the Settlement, shall not affect the finality of the Judgment, and shall not be grounds for termination of the Settlement.

16. If Plaintiff or Defendants exercise their right to terminate the Settlement pursuant to paragraph 15 above, then: (a) the Settlement and the relevant portions of this Stipulation shall be canceled; (b) Plaintiff, Defendants, and Stericycle shall revert to their respective litigation positions in the Action as of immediately prior to the execution of the MOU on December 7, 2018; and (c) the terms and provisions of the MOU and this Stipulation, with the exception of this paragraph 16 and paragraph 25 below, shall have no further force and effect with respect to the Parties and shall not be used in the Action or in any other proceeding for any purpose, and the Parties shall proceed in all respects as if the MOU and this Stipulation had not been entered.

ATTORNEYS' FEES AND EXPENSES

17. Plaintiffs will petition the Court for an award of attorneys' fees, costs and an incentive award, all of which to be paid out of the \$7,500,000 settlement compensation set forth in paragraph 5 above. In recognition of the substantial benefits conferred upon Stericycle and its Shareholders as a result of the issuance of the Demand and the initiation, prosecution, and Settlement of the Action, Stericycle, through its Board exercising its independent business judgment, agrees not to oppose

such petition for attorneys' fees, costs and an incentive award so long as the aggregate amount of the petition does not exceed \$2,900,000. The Parties agree that this Fee Award is fair and reasonable in light of the substantial benefits conferred upon Stericycle and its Shareholders as a result of this Settlement, and was reached only after all other material terms of the Settlement were agreed and following good faith negotiation, including with the assistance of mediation by Mr. Lindstrom, and reflects Mr. Lindstrom's mediator's proposal regarding an appropriate fee award.

18. Stericycle (directly or through its insurers) shall pay or cause to be paid the attorneys' fees, expenses, and Plaintiff's incentive award as awarded by the Court in response to the Fee and Expense Application (the "Fee Award") within ten business days after the Court issues such an order to an account designated by Plaintiff's Counsel, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attacks on the Settlement or any part thereof. The Parties agree that any Fee Award shall fully satisfy any and all claims for an award of attorneys' fees, expenses, and incentive award by Plaintiff, Plaintiff's Counsel, or any other counsel purporting to represent any other Stericycle Stockholder in connection with the Action or the Settlement.

19. Payment of the Fee Award shall constitute final and complete payment for the Plaintiff's attorneys' fees and expenses that have been incurred or will be incurred in connection with the filing and prosecution of the Action and the

resolution of the claims alleged therein. Defendants and their counsel shall have no responsibility for the allocation of the Fee Award among Plaintiff's Counsel. Defendants and/or their insurers shall have no obligation to make any payment other than as provided in this Stipulation to Plaintiff or any of Plaintiff's Counsel.

20. This Settlement is not contingent upon any particular amount of Fee Award being awarded by the Court. Thus, Plaintiff shall not have the ability to terminate this Settlement on the ground that the Court awards a lesser Fee Award than is sought.

21. If, after payment of the Fee Award, the Settlement is terminated pursuant to the terms of this Stipulation or the award is reversed, vacated, or reduced by Final Order, Plaintiff's Counsel shall, within thirty calendar days after (a) receiving from Defendants' counsel notice of the termination of the Settlement; or (b) any order of a court of appropriate jurisdiction reversing, vacating, or reducing the Fee Award becomes Final, make appropriate refunds or repayments to Stericycle or Defendants. Each Plaintiff's Counsel or Plaintiff which receives any portion of the Fee Award is subject to the Court's jurisdiction for the purposes of enforcing this paragraph and other provisions related to the Fee Award.

22. Except as otherwise provided in this Stipulation, each of the Parties shall bear his, her, or its own costs and attorneys' fees.

COOPERATION

23. In addition to the actions specifically provided for in this Stipulation, the Parties agree to use their best efforts from the date hereof to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable laws, regulations, or agreements, to consummate and make effective this Stipulation and the Settlement. The Parties and their attorneys agree to cooperate fully with one another in seeking the Court's approval of the Settlement and to use their best efforts to effect the consummation of this Stipulation and the Settlement, including, but not limited to, resolving any objections raised with respect to the Settlement.

STIPULATION NOT AN ADMISSION

24. Neither this Stipulation nor any act or omission in connection therewith is intended or shall be deemed to be a presumption, concession or admission by: (i) any of the Defendants or any of the Released Defendants as to the validity of any claims, causes of action or other issues that were, might be, or have been raised in the Action or in any other litigation, or to be evidence of or constitute an admission of wrongdoing or liability by any of them, and each of them expressly denies any such wrongdoing or liability; or (ii) Plaintiff as to the infirmity of any claim or the validity of any defense, or to the amount of any damages. The existence of this Stipulation, its contents or of any negotiations, statements or proceedings in

connection therewith, shall not be offered or admitted in evidence or referred to, interpreted, construed, invoked or otherwise used by any Person for any purpose in the Action or otherwise, except as may be necessary to effectuate the Settlement. This provision shall remain in full force and effect in the event that the Settlement is terminated for any reason whatsoever. Notwithstanding the foregoing, any of the Released Parties may file this Stipulation or any judgment or order of the Court related hereto in any other action that may be brought against them, in order to support any and all defenses or counterclaims based on *res judicata*, collateral estoppel, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

NO WAIVER

25. Any failure by any Party to insist upon the strict performance by any other Party of any of the provisions of this Stipulation shall not be deemed a waiver of any of the provisions hereof, and such Party, notwithstanding such failure, shall have the right thereafter to insist upon the strict performance of any and all of the provisions in this Stipulation by such other Party. All waivers must be in writing and signed by the party against whom the waiver is asserted.

26. No waiver, express or implied, by any Party of any breach or default in the performance by any other Party of its obligations under this Stipulation shall be

deemed or construed to be a waiver of any other breach, whether prior, subsequent or contemporaneous, under this Stipulation.

AUTHORITY

27. This Stipulation will be executed by counsel to the Parties, each of which represents and warrants that he, she, or it has been duly authorized and empowered to execute this Stipulation on behalf of such Party, and that it shall be binding on such Party in accordance with its terms.

SUCCESSORS AND ASSIGNS

28. This Stipulation is, and shall be, binding upon, and inure to the benefit of, the Parties and their respective agents, spouses, heirs, predecessors, successors, personal representatives, representatives and assigns; provided, however, that no Party shall assign or delegate its rights or responsibilities under this Stipulation without the prior written consent of the other Parties.

BREACH

29. The Parties agree that in the event of any breach of this Stipulation, all of the Parties' rights and remedies at law, equity or otherwise, are expressly reserved.

GOVERNING LAW AND FORUM

30. This Stipulation shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflict of laws principles. Any action relating to this Stipulation will be filed exclusively in the Court. Each

Party: (i) consents to personal jurisdiction in any such action (but no other action) brought in the Court; (ii) consents to service of process by registered mail upon such Party and/or such Party's agent; and (iii) waives any objection to venue in the Court and any claim that Delaware or the Court is an inconvenient forum.

REPRESENTATIONS AND WARRANTIES

31. Plaintiff and Plaintiff's Counsel represent and warrant that: (i) Plaintiff is a stockholder of Stericycle and was a stockholder of Stericycle at all relevant times for purposes of maintaining standing in the Action; (ii) none of the Released Plaintiffs' Claims has been assigned, encumbered or in any manner transferred, in whole or in part, by Plaintiff or Plaintiff's Counsel; and (iii) neither Plaintiff nor Plaintiff's Counsel will attempt to assign, encumber or in any manner transfer, in whole or in part, any of the Released Plaintiffs' Claims.

32. Each Party represents and warrants that the Party has made such investigation of the facts pertaining to the Settlement provided for in this Stipulation, and all of the matters pertaining thereto, and has been advised by counsel, as the Party deems necessary and advisable.

ENTIRE AGREEMENT

33. This Stipulation and the attached exhibits constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior or contemporaneous oral or written agreements, understandings or

representations. All Parties agree that no representations, warranties or inducements have been made to any Party concerning this Stipulation or its exhibits other than the representations, warranties and covenants contained and memorialized in such documents. All Parties further agree that they are not relying on any representations, warranties or covenants that are not expressly contained and memorialized in this Stipulation or its exhibits. All of the exhibits hereto are material and integral parts hereof and are fully incorporated herein by reference.

INTERPRETATION

34. This Stipulation will be deemed to have been mutually prepared by the Parties and will not be construed against any of them by reason of authorship.

35. Section and/or paragraph titles have been inserted for convenience only and will not be used in interpreting the terms of this Stipulation.

36. The terms and provisions of this Stipulation are intended solely for the benefit of the Parties, and their respective successors and permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights or remedies upon any other Person, except with respect to: (i) any attorneys' fees and expenses to be paid to Plaintiff's Counsel pursuant to the terms of this Stipulation; and (ii) the Released Parties who are not signatories hereto, who shall be third-party beneficiaries under this Stipulation and entitled to enforce it in accordance with its

terms, but the consent of such third-party beneficiary shall not be required to amend, modify or terminate this Stipulation.

AMENDMENTS

37. This Stipulation may not be amended, changed, waived, discharged or terminated (except as explicitly provided herein), in whole or in part, except by an instrument in writing signed by counsel to all of the Parties to this Stipulation, on behalf of each such Party.

COUNTERPARTS

38. This Stipulation may be executed in any number of actual, telecopied or electronically mailed counterparts and by each of the different Parties on several counterparts, each of which when so executed and delivered will be an original. This Stipulation will become effective when the actual, telecopied or electronically mailed counterparts have been signed by each of the Parties to this Stipulation and delivered to the other Parties. The executed signature page(s) from each actual, telecopied or electronically mailed counterpart may be joined together and attached and will constitute one and the same instrument.

CONTINUING JURISDICTION

39. The consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Court shall retain exclusive jurisdiction for the purpose of enforcing the terms of this Stipulation.

NOTICE TO PARTIES

40. If any Party is required to give notice to any other Party under this Stipulation, such notice shall be in writing and shall be deemed to have been duly given upon receipt of hand or courier delivery, or facsimile transmission with confirmation of receipt. Notice shall be provided as follows:

If to Plaintiff:

Peter B. Andrews
Craig J. Springer
ANDREWS & SPRINGER LLC
3801 Kennett Pike
Building C, Suite 1305
Wilmington, DE 19807

Geoffrey M. Johnson
SCOTT+SCOTT ATTORNEYS AT
LAW LLP
12434 Cedar Road, Suite 12
Cleveland Heights, OH 44118

If to Defendants:

Lisa A. Schmidt
Richards, Layton & Finger, P.A.
One Rodney Square
920 North King Street
Wilmington, DE 19801

Sean M. Berkowitz
Michael J. Faris
Latham & Watkins, LLP
330 North Wabash, Suite 2800
Chicago, IL 60611

Kurt M. Rogers
General Counsel, Stericycle, Inc.
28161 N. Keith Drive
Lake Forest, IL 60045

IN WITNESS WHEREOF, the Parties hereto have caused this Stipulation to be executed by their duly authorized counsel, as of February 25, 2019.

/s/ Peter B. Andrews

Peter B. Andrews
Craig J. Springer
ANDREWS & SPRINGER LLC
3801 Kennett Pike
Building C, Suite 1305
Wilmington, DE 19807

Of Counsel:

Geoffrey M. Johnson
SCOTT+SCOTT ATTORNEYS AT
LAW LLP
12434 Cedar Road, Suite 12
Cleveland Heights, OH 44118

Attorneys for Plaintiff

/s/ Lisa A. Schmidt

Lisa A. Schmidt
Kelly E. Farnan
RICHARDS, LAYTON
& FINGER, P.A.
One Rodney Square
920 North King Street
Wilmington, DE 19801

Of Counsel:

Sean M. Berkowitz
Michael J. Faris
LATHAM & WATKINS, LLP
330 North Wabash, Suite 2800
Chicago, IL 60611

Attorneys for Defendants



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

RICK SIU, Derivatively and on Behalf of the
Nominal Defendant STERICYCLE, INC.,

Plaintiff,

v.

MARK C. MILLER, JACK W. SCHULER,
CHARLES A. ALUTTO, LYNN DORSEY
BLEIL, THOMAS D. BROWN, THOMAS F.
CHEN, RODNEY F. DAMMEYER,
WILLIAM K. HALL, JOHN PATIENCE,
MIKE S. ZAFIROVSKI, DAN GINNETTI,
BRENT ARNOLD, FRANK TEN BRINK,
and RICHARD KOGLER,

Defendants,

-and-

STERICYCLE, INC.,

Nominal Defendant.

C.A. No. 2018-0273-JTL

ORDER AND FINAL JUDGMENT

A hearing having been held before the Court on _____, 2019 (the “Settlement Hearing”), pursuant to the Court’s Order of _____, 2019, (the “Scheduling Order”), upon the Stipulation and Agreement of Settlement, Compromise, and Release dated as of February 25, 2019 (the “Stipulation”) entered into in the above-captioned derivative action (the “Action”), which is incorporated herein by reference, it appearing that due notice of the Settlement Hearing has been given in accordance with the Scheduling Order, the Parties having appeared by their respective attorneys of record, the Court having heard and considered evidence in

EXHIBIT A (EXECUTION VERSION)

support of the proposed Settlement, the attorneys for the Parties having been heard, an opportunity to be heard having been given to all other persons requesting to be heard in accordance with the Scheduling Order, the Court having determined that notice to Stericycle Stockholders was adequate and sufficient, and the entire matter of the proposed Settlement having been heard and considered by the Court,

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED, this ___ day of _____, 2019, as follows:

1. **Definitions**: Unless otherwise defined herein, the capitalized terms used herein shall have the same meanings as they have in the Stipulation.

2. **Jurisdiction**: The Court has jurisdiction over the subject matter of the Action and all matters relating to the Settlement, as well as personal jurisdiction over all of the Parties and Stericycle Stockholders.

3. **Incorporation of Settlement Documents**: This Order and Final Judgment incorporates and makes a part hereof: (a) the Stipulation filed with the Court on February 25, 2019; and (b) the Notice, which was approved by the Court in the Scheduling Order.

4. **Derivative Actions Properly Maintained; Adequacy of Plaintiff and Plaintiff's Counsel**: Based on the record in the Action, the Court finds that each of the provisions of Court of Chancery Rule 23.1 has been satisfied and the Action has been properly maintained according to Court of Chancery Rule 23.1. Plaintiff and

EXHIBIT A (EXECUTION VERSION)

Plaintiff's Counsel have adequately represented the interests of Stericycle and Stericycle Stockholders, both in terms of litigating the Action and for purposes of entering into and implementing the Settlement.

5. **Notice:** The Court finds that the mailing of the Notice: (a) was implemented in accordance with the Scheduling Order; (b) constituted notice that was reasonably calculated, under the circumstances, to apprise Stericycle Stockholders of: (i) the pendency of the Action; (ii) the effect of the proposed Settlement (including the Releases to be provided thereunder); (iii) Plaintiff's Counsel's application for an award of attorneys' fees and reimbursement of litigation expenses, and for incentive awards to Plaintiff ("Fee and Expense Application"); (iv) their right to object to the Settlement and/or to the Fee and Expense Application; and (v) their right to appear at the Settlement Hearing; (c) constituted due, adequate, and sufficient notice to all persons and entities entitled to receive notice of the proposed Settlement; and (d) satisfied the requirements of Court of Chancery Rule 23.1, the United States Constitution (including the Due Process Clause), and all other applicable law and rules.

6. **Final Settlement Approval and Dismissal of Claims:** Pursuant to, and in accordance with, Court of Chancery Rule 23.1, the Court hereby fully and finally approves the Settlement set forth in the Stipulation in all respects (including, without limitation, the Settlement consideration; the Releases, including the release of the

EXHIBIT A (EXECUTION VERSION)

Released Plaintiffs' Claims as against the Released Defendants; and the dismissal of the Action), and finds that the Settlement is, in all respects, fair, reasonable, and adequate to Plaintiff, Stericycle, and Stericycle Stockholders. The Parties are directed to implement, perform, and consummate the Settlement in accordance with the terms and provisions contained in the Stipulation.

7. **Claims Asserted Against Defendants Dismissed; Costs:** The Action and all of the claims asserted in the Action are (a) dismissed with prejudice as against the Defendants. The Parties shall bear their own costs and expenses, except as otherwise expressly provided in the Stipulation.

8. **Binding Effect:** The terms of the Stipulation and this Order and Final Judgment shall be forever binding on the Defendants, Stericycle, Plaintiff, and all other Stericycle Stockholders, as well as their respective successors and assigns.

9. **Releases:** The Releases as set forth in paragraphs 7 and 8 of the Stipulation, together with the definitions contained in paragraph 1 of the Stipulation relating thereto, are expressly incorporated herein in all respects. Specifically:

(a) Upon the Effective Date, Plaintiff and each and every other Stericycle Stockholder, derivatively on behalf of Stericycle, and Stericycle directly, shall be deemed to have, and by operation of law and of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Plaintiffs' Claims against the Released Defendants and any and all claims (including

EXHIBIT A (EXECUTION VERSION)

Unknown Claims) arising out of, relating to, or in connection with the defense, settlement, or resolution of the Action against the Released Defendants, and shall be forever enjoined from prosecuting the Released Plaintiffs' Claims.

(b) Upon the Effective Date, Defendants, Stericycle, and each of the other Released Defendants shall be deemed to have, and by operation of law and of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Defendants' Claims against the Released Plaintiffs and any and all claims (including Unknown Claims) arising out of, relating to, or in connection with the prosecution, settlement, or resolution of the Action against the Released Plaintiffs, and shall be forever enjoined from prosecuting the Released Defendants' Claims.

(c) Notwithstanding anything else in this Order and Final Judgment shall bar any action by any of the Parties to enforce or effectuate the terms of the Stipulation or this Order and Final Judgment.

10. **No Admissions**: Neither the Stipulation nor any act or omission in connection therewith is intended or shall be deemed to be a presumption, concession, or admission by: (a) any of the Released Defendants, as to the validity of any claims, causes of action, or other issues that were, might be, or have been raised in the Action or in any other litigation, or to be evidence of or constitute an admission of wrongdoing or liability by any of them, and each of them expressly denies any such

EXHIBIT A (EXECUTION VERSION)

wrongdoing or liability; or (b) Plaintiff, as to the infirmity of any claim or the validity of any defense, or to the amount of any damages. The existence of the Stipulation, its contents or any negotiations, statements, or proceedings in connection therewith, shall not be offered or admitted in evidence or referred to, interpreted, construed, invoked, or otherwise used by any Person for any purpose in the Action or otherwise, except as may be necessary to effectuate the Settlement. This provision shall remain in full force and effect in the event that the Settlement is terminated for any reason whatsoever. Notwithstanding the foregoing, any of the Released Parties may file the Stipulation or any judgment or order of the Court related hereto in any other action that may be brought against them, in order to support any and all defenses or counterclaims based on res judicata, collateral estoppel, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

11. **Award of Attorneys' Fees and Expenses and Incentive Awards:**

Plaintiff's Counsel are hereby awarded attorneys' fees and litigation expenses in an aggregate amount of \$_____, to be paid by Stericycle in accordance with the terms of the Stipulation. Of that amount, Plaintiff's Counsel shall pay \$_____ to Plaintiff as an incentive award. No proceedings or court order with respect to the award to Plaintiff's Counsel shall in any way disturb or affect this Order and Final Judgment (including precluding the judgment from being appealable

or becoming Final or otherwise being entitled to preclusive effect), and any such proceedings or court order shall be considered separate from this Order and Final Judgment.

12. **Retention of Jurisdiction**: Without affecting the finality of this Order and Final Judgment in any way, the Court retains continuing and exclusive jurisdiction over the Parties and all Stericycle Stockholders for purposes of the administration, implementation, and enforcement of the Settlement.

13. **Modification of the Stipulation**: Without further approval from the Court, the Parties are hereby authorized to agree to and adopt such amendments or modifications of the Stipulation or any exhibits attached thereto to effectuate the Settlement that: (a) are not materially inconsistent with this Order and Final Judgment; and (b) do not materially limit the rights of the Parties or Stericycle Stockholders in connection with the Settlement.

14. **Entry of Order and Final Judgment**: There is no just reason to delay the entry of this Order and Final Judgment as a final judgment in the Action. Accordingly, the Register in Chancery is expressly directed to immediately enter this Order and Final Judgment in the Action.

Vice Chancellor J. Travis Laster



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

RICK SIU, Derivatively and on Behalf of the
Nominal Defendant STERICYCLE, INC.,

Plaintiff,

v.

MARK C. MILLER, JACK W. SCHULER,
CHARLES A. ALUTTO, LYNN DORSEY
BLEIL, THOMAS D. BROWN, THOMAS F.
CHEN, RODNEY F. DAMMEYER,
WILLIAM K. HALL, JOHN PATIENCE,
MIKE S. ZAFIROVSKI, DAN GINNETTI,
BRENT ARNOLD, FRANK TEN BRINK,
and RICHARD KOGLER,

Defendants,

-and-

STERICYCLE, INC.,

Nominal Defendant.

C.A. No. 2018-0273-JTL

**NOTICE OF PENDENCY OF DERIVATIVE ACTION, PROPOSED
SETTLEMENT OF DERIVATIVE ACTION, SETTLEMENT HEARING,
AND RIGHT TO APPEAR**

The Delaware Court of Chancery authorized this Notice.

This is not a solicitation from an attorney.

TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF SHARES
OF COMMON STOCK OF STERICYCLE, INC. ("STERICYCLE" OR THE
"COMPANY") AS OF THE CLOSE OF BUSINESS ON FEBRUARY 25, 2019
("STERICYCLE STOCKHOLDERS").

IF YOU ARE A NOMINEE WHO OR WHICH HELD STERICYCLE
COMMON STOCK AS OF THE CLOSE OF BUSINESS ON FEBRUARY 25, 2019
FOR THE BENEFIT OF ANOTHER, PLEASE READ THE SECTION BELOW
ENTITLED "NOTICE TO PERSONS OR ENTITIES HOLDING RECORD
OWNERSHIP ON BEHALF OF OTHERS."

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.
YOUR RIGHTS WILL BE AFFECTED BY THIS LITIGATION.**

This Notice relates to a proposed settlement (the “Settlement”) of the above-captioned action (the “Action”), which was brought by a Stericycle stockholder on behalf of and for the benefit of Stericycle in the Court of Chancery of the State of Delaware (the “Court”). Subject to the approval of the Court, the proposed Settlement will resolve all claims brought, or that could have been brought, in the Action.

The complete terms of the Settlement, which remains subject to the approval of the Court, are set forth in a Stipulation and Agreement of Settlement, Compromise and Release, dated February 25, 2019 (the “Stipulation”), entered into by and among (i) plaintiff Rick Siu (“Plaintiff”), derivatively on behalf of Stericycle; (ii) defendants Mark C. Miller, Jack W. Schuler, Charles A. Alutto, Lynn Dorsey Bleil, Thomas D. Brown, Thomas F. Chen, Rodney F. Dammeyer, William K. Hall, John Patience, Mike S. Zafirovski, Dan Ginnetti, Brent Arnold, Frank ten Brink, and Richard Kogler (collectively, “Defendants”); and (iii) Stericycle, as nominal defendant (together with Plaintiff and Defendants, the “Parties”).¹

Because this Action was brought as a derivative action on behalf of and for the benefit of Stericycle, the benefits of the Settlement will go directly to Stericycle (and indirectly to Stericycle Stockholders). Thus, Stericycle Stockholders will not submit claims in connection with the Settlement.

WHAT IS THE PURPOSE OF THIS NOTICE?

The purpose of this Notice is to inform Stericycle Stockholders about (a) the pendency of the Action; (b) the proposed Settlement, subject to Court approval, on the terms and conditions set forth in the Stipulation; (c) Stericycle Stockholders’ rights with respect to the proposed Settlement; and (d) the hearing that the Court will hold on _____, 2019, at __: __.m., at the Court of Chancery of the State of Delaware, Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware, 19801, at which the Court will, among other things: (a) determine whether Plaintiff and Plaintiff’s Counsel have adequately represented the interests of Stericycle and its stockholders; (b) determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable and adequate to Plaintiff,

¹ Unless otherwise defined herein, capitalized terms used in this Notice shall have the meanings ascribed to them in the Stipulation. A copy of the Stipulation is available for review at the following website: [\[REDACTED\]](#).

Stericycle and Stericycle's stockholders, and should be approved by the Court; (c) determine whether a Final Order and Judgment (as defined below) should be entered dismissing the Action with prejudice; (d) hear and consider any objections to the Settlement; and (e) consider any other matters that may properly be brought before the Court in connection with the Settlement.

WHAT IS THIS CASE ABOUT?

THE FOLLOWING DESCRIPTION OF THIS CASE HAS BEEN PREPARED BY COUNSEL FOR THE PARTIES. THE COURT HAS MADE NO FINDINGS WITH RESPECT TO SUCH MATTERS, AND THIS NOTICE IS NOT AN EXPRESSION OR STATEMENT BY THE COURT OF ANY FINDINGS OF FACT.

On October 27, 2017, Plaintiff made a demand on the Company pursuant to 8 *Del. C.* §220 to inspect certain of the Company's books and records. The Company produced certain documents pursuant to that Demand, which Plaintiff reviewed prior to filing the Complaint.

On April 12, 2018, Plaintiff filed a derivative complaint (the "Complaint") on behalf of the Company against Defendants in the Delaware Court of Chancery (the "Court"), C.A. No. 2018-0273-JTL (the "Action"). In the Complaint, Plaintiff alleged that Stericycle specializes in the regulated collection and disposal of medical, pharmaceutical, and industrial hazardous waste and Stericycle's customers fall into one of two broad categories: large-quantity ("LQ") customers and small-quantity ("SQ") customers, which include outpatient medical clinics, medical and dental offices, long-term and sub-acute care facilities, veterinary offices, and retail pharmacies, which generate relatively low volumes of regulated waste. Plaintiff further alleged that, in 2016, SQ customers made up 95% of Stericycle's customer base and accounted for over 60% of Stericycle's revenues from 2013 onward.

Plaintiff alleged that Stericycle maintains standard service agreements, called Steri-Safe Service Agreements, with its SQ customers whereby Stericycle collects and disposes of their regulated waste in exchange for a fixed-price fee, with contract terms ranging from one to five years and which expressly limited the circumstances under which Stericycle could increase the subscription rates charged to customers. The Steri-Safe Service Agreements provided:

Stericycle reserves the right to adjust the contract price to account for operational changes it implements to comply with documented changes in law, to cover increases in the cost of fuel, insurance, or residue disposal or to otherwise address cost escalation.

According to the Complaint, the Steri-Safe Service Agreements allowed Stericycle to increase fees charged its SQ customers only to account for: (i) “documented changes in law” or (ii) “to cover increases in the cost of fuel, insurance, residue disposal, or to otherwise address cost escalation.” The Complaint further alleged that the Company told stockholders in public filings with the SEC that its contracts with customers were based on a “predetermined subscription fee” that Stericycle recognized revenues for “evenly over the contractual service period.”

Plaintiff alleged that Stericycle systematically and unilaterally increased prices for its SQ customers on its Steri-Safe Service Agreements with the Board’s knowing participation. According to the Complaint, Stericycle unilaterally raised its customers’ rates by imposing standard, automatic percentage price increases (typically 18%) on its customers as often as every six months and by imposing numerous fees and other surcharges that had no relation to actual costs incurred in servicing a particular contract, and were not the result of a documented change in the law.

Plaintiff alleged that Stericycle hid these price increases from its customers, issuing an invoice for the new, inflated price without notice. The Complaint alleged that, contrary to the SQ customer contracts’ requirement that such price increases be related to costs incurred, Stericycle modified the frequency of its price increases to align with the revenue targets Stericycle set.

Plaintiff filed the Complaint after several other suits had been filed against Stericycle and certain of its leadership asserting similar allegations. In particular:

On April 28, 2008, a former Stericycle employee (“Relator”) filed claims on behalf of the United States of America and 14 states, alleging that the Company had violated the federal False Claims Act and its state analogues, captioned *Perez v. Stericycle, Inc.*, 08-cv-2390 (N.D. Ill.) (the “Qui Tam Action”). Defendants denied the allegations in the Qui Tam Action. On February 1, 2016, Stericycle agreed to settle the Qui Tam Action, including by making a \$28.5 million payment to be allocated amongst Relator, the United States, and the 14 states, without admitting any fault or wrongdoing.

On April 15, 2013, certain Stericycle SQ customers filed the first of several class actions, which were ultimately consolidated by the Panel on Multidistrict Litigation in a single action before the United States District Court for the Northern District of Illinois, captioned *In re: Stericycle, Inc. Steri-Safe Contract Litig.*, 13-cv-5795 (N.D. Ill.) (the “MDL Action”). In the MDL Action, plaintiffs asserted claims against the Company for allegedly unauthorized and unjustified fees and surcharges imposed on them, in purported breach of Stericycle’s uniform Steri-Safe contracts. Stericycle

denied the allegations in the MDL Action. Stericycle agreed to settle the claims, including a \$295 million payment to members of the class, without admitting any fault or wrongdoing.

On July 11, 2016, certain shareholders filed a class action complaint against the Company, certain officers and directors, and Underwriters, captioned *St. Lucie County Fire District Firefighters Pension Trust Fund v. Stericycle, Inc.*, 16-cv-07145 (N.D. Ill.) (the “Securities Action”) based on allegations concerning the Company’s pricing practices similar to those made in the MDL Action. The Securities Action asserted violations of Sections 11, 12(a) and 15 of the Securities Act and Sections 10(b) and 20(a) of the Securities Exchange Act. Defendants denied the allegations in the Securities Action and filed a motion to dismiss all claims. Prior to a ruling on that motion, on December 19, 2018, Stericycle announced that it had reached an agreement in principle to settle the Securities Action (the “Proposed Securities Class Action Settlement”), including by creating a common fund of \$45 million, the large majority to be paid by the company’s insurers, out of which will be paid all compensation to class members, plaintiffs’ attorneys’ fees and other costs of administration. In the Proposed Securities Class Action Settlement, Stericycle and the other defendants admitted no fault or wrongdoing.

On May 21, 2018, by joint motion, the Action was stayed pending resolution of the motion to dismiss that was then pending in the Securities Action.

In October 2018, the parties agreed to mediate the Action. The parties retained Greg Lindstrom (“Mr. Lindstrom”) of Phillips ADR to mediate their dispute. The Parties exchanged mediation statements, and Plaintiff made a settlement demand. Prior to the mediation, the Parties separately had multiple phone calls with Mr. Lindstrom to discuss the merits of their allegations and their respective positions.

On October 22, 2018, the Parties attended a mediation in Chicago, Illinois, before Mr. Lindstrom. After a full day session, the Parties made progress on several important issues, but were unable to reach a comprehensive settlement agreement. Over the following weeks, in continued consultation with Mr. Lindstrom, the Parties reached an agreement in principle on substantive terms to settle the Action.

On December 7, 2018, executed a memorandum of understanding (the “MOU”). The parties subsequently memorializes the terms of the Parties’ agreement to settle the Action in a Stipulation submitted to the Court.

The Parties have reached an agreement regarding plaintiffs’ request of attorneys’ fees. Plaintiff intends to submit a Fee and Expense Application, and also intend to request an incentive award for Plaintiff.

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Plaintiff has owned Stericycle common stock since the outset of the Action and continues to do so. Plaintiff, having thoroughly considered the facts and law underlying the Action, and based upon the investigation and prosecution of the Action and the mediation that led to the Settlement, and after weighing the risks of continued litigation, has determined that it is in the best interests of Stericycle and its stockholders that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation, and that these terms and conditions are fair, reasonable and adequate to Stericycle and its stockholders.

Defendants have denied and continue to deny each and all of the claims and contentions alleged by the Plaintiff in the Action, including any and all allegations of wrongdoing, allegations of liability, and the existence of any damages asserted in or arising from the Action. Without limiting the generality of the foregoing, Defendants have denied and continue to deny that they acted improperly in connection with the allegations asserted in the Action, that they sold shares with insider information, or that any misstatements or materially misleading omissions were made. Further, Defendants believe that they have substantial defenses to the claims alleged against them in the Action. Defendants have further asserted that, at all relevant times, they acted in good faith, and in a manner they reasonably believed to be in the best interests of Stericycle and its stockholders. Nevertheless, Defendants have concluded that further litigation in connection with the Action would be time-consuming and expensive. After weighing the costs, disruption, and distraction of continued litigation, they have determined, solely to eliminate the risk, burden, and expense of further litigation, and without admitting any wrongdoing or liability whatsoever, that the Action should be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation.

WHAT ARE THE TERMS OF THE SETTLEMENT?

In consideration of the settlement, Defendants will pay and/or cause their insurance carriers to pay \$7,500,000.00 to Stericycle, less any amounts ordered by the Court to be paid for Plaintiff's attorneys' fees and expenses or as a service award to Plaintiff.

The Board of Directors of Stericycle (the "Board") has or shall adopt resolutions and amend committee charters to the extent necessary for the implementation of the corporate governance changes set forth below. The corporate governance changes set forth herein shall be maintained for a period of at least four years, unless any provision (or part of any provision) is rendered unlawful or ill-advised under any statute or regulation. The Board may exercise its discretion in deciding whether to continue any of the corporate governance changes after four years.

EXHIBIT B (EXECUTION VERSION)

a. Board Composition. Subsequent to receiving Plaintiff's demand letter, Stericycle appointed two new independent directors to the Company's Board of Directors (the "Board").

b. Board Independence.

(i) Stericycle shall maintain an Independent, Non-Executive Chair for the Company's Board.

(ii) Stericycle shall require that the Independent Directors meet regularly in executive session during regularly-scheduled Board meetings and shall have the power to call for reporting from any business unit.

(iii) Stericycle shall, no less than annually, determine the independence of each director under the qualitative independence requirements outlined under Rule 5600 Series of the NASDAQ listing standards and relevant SEC rules.

(iv) In determining whether to recommend an incumbent Director for re-election, Stericycle's Nomination & Governance Committee will take into consideration the Director's length of service on the Board.

c. Director Orientation and Continuing Education.

(i) Every new member of the Board shall, within six months of election or appointment, receive initial orientation regarding, among other things, their responsibilities as directors under law and the listing standards of the NASDAQ stock market.

(ii) Every new member of the Board, shall, within six months of election or appointment, receive initial orientation regarding the Company's accounting and risk management practices, compliance programs and Code of Conduct.

(iii) Each Director will participate annually in compliance training. The Company will encourage all Directors to participate in ongoing continuing education and will provide reimbursement for any such outside continuing education.

d. Additional Board-Level Reforms.

(i) Stericycle shall encourage all Directors to attend the Company's annual meeting of stockholders in person, absent extenuating circumstances.

EXHIBIT B (EXECUTION VERSION)

(ii) The Nominating and Governance Committee shall amend its charter to require an annual review and reassessment of its charter.

(iii) All stockholder proposals shall be reviewed by Stericycle's Nominating & Governance Committee, which shall include at least three independent directors, who will make a recommendation to the Board for final decision.

(iv) Once a year, the Board's independent directors shall meet without management to discuss the Company's "tone at the top" and whether the Company has established a culture of integrity.

(v) Stericycle shall require the Nominating & Governance Committee to review and reassess the Corporate Governance Guidelines on at least an annual basis.

(vi) Stericycle shall keep polls open at the Annual Meeting until all agenda items have been discussed and stockholders have had an opportunity to ask questions.

e. Audit Committee Reforms.

(i) Stericycle's Audit Committee shall review and approve all Forms 10-Q, 10-K, and all proxy statements.

(ii) Stericycle's Audit Committee Chair shall meet with the Company's independent outside auditor at least six times per year, including before the filing of Forms 10-Q and 10-K with the SEC.

(iii) The Chief Ethics & Compliance Officer ("CECO") shall attend all regularly scheduled Audit Committee meetings. The CECO shall provide updates to the Audit Committee at least twice a year and to the full Board at least annually.

(iv) The Audit Committee shall review with management and any outside professionals important trends and developments and requirements in financial reporting practices and their effect on the Company's financial statements.

f. Internal Control Reforms.

(i) The Audit Committee, working with Internal Audit, will conduct formal reviews of pricing and contracting practices for its U.S. Small Quantity

Regulated Medical Waste business as part of its annual review process, and will highlight any issues to the Board.

(ii) The Board shall implement a written Delegation of Authority, which shall specify, among other things, approval and signatory authority for transactions at all levels of the organization and shall specify which matters must be brought to the Board for consideration and approval, including contracts, acquisitions, divestitures and other matters.

(iii) Stericycle shall maintain standard contracts for U.S. Small Quantity Regulated Medical Waste customers that include limits on annual automatic price increases and transparent all-in pricing provisions through June 7, 2021.

(iv) Stericycle shall update and expand its internal accounting audit and financial controls, and maintain a separate Chief Accounting Officer and Vice President for Internal Audits.

(v) Stericycle shall implement substantial improvements regarding disclosures and controls, which shall include a formal Disclosure Committee process to oversee the accuracy and completeness of the Company's disclosures. The Disclosure Committee shall be chaired by the General Counsel and Chief Accounting Officer and shall also include the CECO, Chief People Officer, head of Internal Audit, and Stericycle's Securities Counsel.

(vi) Stericycle shall in good faith pursue implementation of a new Enterprise Resource Planning ("ERP") system. Stericycle also shall significantly enhance the Company's systems and processes for financial controls and management reporting.

g. Ethical and Code of Conduct Controls.

(i) Stericycle shall maintain a Code of Business Conduct and Ethics that requires every team member to conduct themselves in compliance with all applicable laws, rules and regulations in the countries in which they operate, as well as with all of Stericycle's policies and procedures. The Code shall require team members to report to management any possible breaches of the Code itself or known or suspected violations of laws or governmental regulations, ethics, and conflicts of interest.

(ii) Stericycle shall maintain a Chief Ethics and Compliance Officer who shall be responsible for, and lead the implementation of, a global compliance program.

h. Insider Trading and Compensation Controls

(i) Stericycle will maintain a Securities Trading Compliance Officer, who shall be the General Counsel of the Company and their designees or, in certain cases the Chair of the Audit Committee of the Board or the Company's Chief Financial Officer.

(ii) The Securities Trading Compliance Officer will be responsible for overseeing compliance with the Company's Insider Trading Policy and 10b5-1 Plan Guidelines, including reviewing and approving (i) all proposed transactions by the Company's directors and those employees subject to Section 16 of the Securities Exchange Act, (ii) 10b5-1 plans (and any modifications or changes to such plans) entered into by such directors and employees, and (iii) any requests for waivers/exceptions to the Insider Trading Policy and 10b5-1 Plan Guidelines.

(iii) The Audit Committee will be responsible for (i) reviewing and approving the Insider Trading Policy and 10b5-1 Plan Guidelines and any amendments and modifications thereto, and (ii) conducting quarterly reviews of the activities of the Securities Trading Compliance Officer.

(iv) The Securities Trading Compliance Officer will make quarterly reports to the Audit Committee concerning transactions and plan under the Insider Trading Policy and 10b5-1 Plan Guidelines reviewed during the prior quarterly period.

(v) Stericycle will add the following language to its Insider Trading Policy: "In the event of a violation of this policy, the Company reserves all its available rights and remedies with respect thereto, up to and including termination of employment and disgorgement of profits."

(vi) The Securities Trading Compliance Officer will provide recommendations to the Audit Committee on whether to approve any requests to waive any lock-up provisions or blackout trading restrictions, which will then be subject to approval by the Audit Committee. No member of the Audit Committee will participate in the deliberations, review, or approval of any request to waive any lock-up provisions or blackout trading restrictions made by such committee member or committee member's affiliate.

(vii) Stericycle shall maintain strengthened insider trading controls by revising its Insider Trading Guidelines to include pre-clearance procedures for designated insiders.

(viii) Stericycle shall adopt and implement a policy that complies with the SEC's incentive compensation clawback regulations.

(ix) Stericycle shall require annual certification of completed training on the Company's Code of Conduct for any team member eligible to receive incentive compensation.

i. Reforms to Whistleblower Program.

(i) Stericycle shall maintain a global whistleblower line that shall be publicized through the Company. The Company shall also maintain a report of complaints and their outcomes.

(ii) The whistleblower system shall allow employees to report anonymously where permitted by law. The whistleblower line shall allow the Company to communicate with employees via a confidential and anonymous PIN system so that the employee's identity remains undisclosed. Access to whistleblower reports shall be restricted to limited personnel. The Company shall also maintain a strict non-retaliation policy.

(iii) Stericycle shall adopt an escalation policy for its whistleblower program that requires certain high risk reports to be reviewed by an Investigation Committee comprised of the CECO, General Counsel, and Chief People Officer.

(iv) The escalation policy shall also call for certain high risk reports involving senior leadership to be further escalated to the Audit Committee.

j. Employee Training. Stericycle shall require: annual compliance training for all employees on its Code of Conduct, annual training for its accounting team members on compliance with GAAP, and annual training for the disclosure committee and executive officer of the federal and state securities laws applicable to Stericycle's operations.

HOW WILL PLAINTIFF'S COUNSEL BE PAID?

Before final approval of the Settlement, Plaintiff's Counsel will petition the Court for an award of attorneys' fees, costs and an incentive award, to be paid out of the Settlement Amount. In recognition of the substantial benefits conferred upon Stericycle and its stockholders as a result of the issuance of the Demand and the initiation, prosecution, and Settlement of the Action, Stericycle, through its Board exercising its independent business judgment, agrees not to oppose such petition for attorneys' fees, costs and an incentive award so long as the aggregate amount of the petition does not exceed \$2,900,000. The Parties agree that this Fee Award is fair and

reasonable in light of the substantial benefits conferred upon Stericycle and its stockholders as a result of this Settlement and was reached only after all other material terms of the Settlement were agreed and following good faith negotiation, including with the assistance of mediation by Mr. Lindstrom, and reflects Mr. Lindstrom's mediator's proposal regarding an appropriate fee award.

WHY ARE THE PARTIES SETTLING?

The Parties have determined that it is desirable and beneficial that the Action and any dispute related thereto is fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation, and Plaintiff's Counsel believes that the settlement is in the best interest of the Parties and current Stericycle Stockholders.

Plaintiff and Plaintiff's Counsel believe that the claims asserted in the Action have merit. Nonetheless, Plaintiff and Plaintiff's Counsel also recognize and acknowledge the significant risk, expense, and length of continued proceedings necessary to prosecute the Action against the Individual Defendants through trial and appeal. Plaintiff and Plaintiff's Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex cases such as the Action, as well as the difficulties and delays inherent in such litigation. Plaintiff and Plaintiff's Counsel are also mindful of the inherent problems of proving the violations asserted in the Action. In consideration of the mediation that led to the settlement and after weighing the risks of continued litigation, Plaintiff and Plaintiff's Counsel have determined that it is in the best interests of Stericycle and its stockholders that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation, and that these terms and conditions are fair, reasonable, adequate, and confer substantial benefits to Stericycle and its stockholders.

Defendants deny each and all of the claims and contentions alleged in the Action. Moreover, Defendants expressly deny any misconduct alleged in the Action and further deny any wrongdoing, legal liability, or violation of any laws arising out of any of the conduct alleged in the Action. Furthermore, Defendants believe they have substantial defenses to the claims alleged against them in the Action. And neither the Stipulation, nor any document referred to therein, nor any action taken to carry out the Stipulation, is, may be construed as, or may be used as an admission by or against Defendants of any fault, wrongdoing, or liability whatsoever or the lack of merit of any defense that had been or could have been asserted to such claim.

Defendants nevertheless recognize that further conduct of the Action against them would be protracted, expensive, and distracting. If the Action is not settled, substantial amounts of time, energy, and resources have been and, unless this settlement is made, will have to be devoted to the defense of the claims asserted in the Action.

Defendants have, therefore, determined that it is desirable and beneficial to them and to the Company that the Action should be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation to eliminate the burden and expense of further protracted litigation.

WHAT CLAIMS WILL THE SETTLEMENT RELEASE?

If the Settlement is approved, the Court will enter a final order and judgment (the “Final Order and Judgment”). Pursuant to the Final Order and Judgment, upon the Effective Date of the Settlement, the Action will be dismissed with prejudice and the following releases will occur:

“Released Defendants’ Claims” means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys’ fees, actions, potential actions, causes of action, suits, judgments, defenses, counterclaims, offsets, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims, which were or which could have been asserted by any of the Defendants in any court, tribunal, forum or proceeding, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule, and which are based upon, arise out of, relate in any way to, or involve, directly or indirectly, (i) the actions, inactions, deliberations, discussions, decisions, votes, or any other conduct of any kind by any of the Released Parties, relating in any way to any agreement, transaction, occurrence, conduct, or fact alleged or set forth in the Verified Stockholder Derivative Complaint or (ii) the commencement, prosecution, defense, mediation or settlement of the Action, including, but not limited to, discovery produced in the Action; provided, however, for the avoidance of doubt, that the Released Defendants’ Claims shall not include any claims to enforce this Stipulation, the Settlement, the Final Order and Judgment, or any other document memorializing the Settlement of the Action

“Released Plaintiffs’ Claims” means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys’ fees, actions, potential actions, causes of action, suits, judgments, defenses, counterclaims, offsets, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims, (i) that Plaintiff

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asserted in the Verified Stockholder Derivative Complaint; or (ii) that Plaintiff could have asserted derivatively on behalf of Stericycle in any court, tribunal, forum or proceeding, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule, and which are based upon, arise out of, relate in any way to, or involve, directly or indirectly, the actions, inactions, deliberations, discussions, decisions, votes, or any other conduct of any kind by any of the Released Parties, relating in any way to any agreement, transaction, occurrence, conduct, or fact alleged or set forth in the Verified Stockholder Derivative Complaint, or (ii) that Plaintiff could have asserted derivatively on behalf of Stericycle in any court, tribunal, forum or proceeding, whether based on state, local, foreign, federal, statutory, regulatory, common, or other law, rule, or regulation, and that are based upon, arise out of, or relate to the actions, inactions, deliberations, discussions, decisions, votes, or any other conduct of any kind by any of the Released Defendants relating to any agreement, transaction, occurrence, conduct, or fact alleged or set forth in the Verified Stockholder Derivative Complaint; provided, however, for the avoidance of doubt, that the Released Plaintiffs' Claims shall not include (i) those direct stockholder claims asserted in the Securities Action; or (ii) any claims to enforce this Stipulation, the Settlement, or the Final Order and Judgment.

Pending final determination by the Court of whether the Settlement should be approved, Plaintiff and all other Stericycle Stockholders are barred and enjoined from commencing, instituting, or prosecuting any of the Released Plaintiffs' Claims against any of the Released Defendants.

**WHEN AND WHERE WILL THE SETTLEMENT HEARING BE HELD?
DO I HAVE THE RIGHT TO APPEAR AT THE SETTLEMENT HEARING?**

The Court will consider the Settlement and all matters related to the Settlement at the Settlement Hearing. The Settlement Hearing will be held before The Honorable J. Travis Laster, Vice Chancellor, on _____, 2019 at __:___.m., at the Court of Chancery of the State of Delaware, Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware 19801. The Court may change the date or time of the Settlement Hearing without further notice to the stockholders.

At the Settlement Hearing, the Court will consider, among other things: (i) whether the terms of the settlement are fair, reasonable, and adequate, including the amount for Plaintiff's Counsel's attorneys' fees and expenses, and should be finally approved; (ii) whether the Final Judgment Order should be entered and the Action dismissed with prejudice pursuant to the Stipulation; and (iii) such other matters as may be necessary or proper under the circumstances.

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Any person who was a stockholder of Stericycle as of February 25, 2019 and continues to be a stockholder of Stericycle through _____, 2019 (the date of the Settlement Hearing) and who objects to the Settlement or the application by Plaintiffs' Counsel for an Attorneys' Fees and Expenses Award, or who otherwise wishes to be heard, may appear in person or through his, her, or its attorney at the Settlement Hearing and present any evidence in argument that be proper and relevant; provided, however, that no such person shall be heard, and no papers, briefs, pleadings, or other documents submitted by any such person shall be received and considered by the Court unless, no later than twenty-one (21) calendar, such person files with the Register in Chancery, Court of Chancery, Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware 19801, the following: (a) a written and signed notice of intention to appear, which states the name, address and telephone number of the objector and, if represented, his, her, or its counsel; (b) proof that the objector owned shares of Stericycle stock as of February 25, 2019 and continues to hold such shares; and (c) a detailed statement of the person's objections to any matter before the Court, including the specific grounds for such objections, the reasons why such person desires to appear and be heard, as well as all documents and writings such person desires the Court to consider, including any legal and evidentiary support. These writings must also be served by File & Serve*Xpress*, by email, by hand, by first-class mail, or by express service upon the following attorneys such that they are received no later than twenty-one (21) business days prior to the Settlement Hearing:

If to Plaintiff:

Peter B. Andrews
Craig J. Springer
ANDREWS & SPRINGER LLC
3801 Kennett Pike
Building C, Suite 1305
Wilmington, DE 19807

Geoffrey M. Johnson
SCOTT+SCOTT ATTORNEYS AT
LAW LLP
12434 Cedar Road, Suite 12
Cleveland Heights, OH 44118

If to Defendants:

Lisa A. Schmidt
Richards, Layton & Finger, P.A.
One Rodney Square
920 North King Street
Wilmington, DE 19801

Sean M. Berkowitz
Michael J. Faris
Latham & Watkins, LLP
330 North Wabash, Suite 2800
Chicago, IL 60611

Unless the Court orders otherwise, any person or entity who or which does not make his, her or its objection in the manner provided herein shall be deemed to have waived his, her or its right to object to any aspect of the proposed Settlement and shall be forever barred and foreclosed from objection to the fairness, reasonableness or adequacy of the Settlement, or from otherwise being heard concerning the Settlement in this or any other proceeding.

WHERE CAN I FIND ADDITIONAL INFORMATION?

This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in the Action, you may refer to the papers on file in the Action, including the Stipulation, which may be inspect during regular office hours at the Office of the Register in Chancery in the Court of Chancery of the State of Delaware, 500 North King Street, Wilmington, 19801. Additionally, copies of the Stipulation and any related orders entered by the court will be posted on the following website: http://_____.

**NOTICE TO PERSONS OR ENTITIES HOLDING
RECORD OWNERSHIP ON BEHALF OF OTHERS**

**DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF
THE REGISTER IN CHANCERY REGARDING THIS NOTICE.**

Dated: _____, 2019

BY ORDER OF THE COURT OF
CHANCERY OF THE STATE OF
DELAWARE



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

RICK SIU, Derivatively and on Behalf of the
Nominal Defendant STERICYCLE, INC.,

Plaintiff,

v.

MARK C. MILLER, JACK W. SCHULER,
CHARLES A. ALUTTO, LYNN DORSEY
BLEIL, THOMAS D. BROWN, THOMAS F.
CHEN, RODNEY F. DAMMEYER,
WILLIAM K. HALL, JOHN PATIENCE,
MIKE S. ZAFIROVSKI, DAN GINNETTI,
BRENT ARNOLD, FRANK TEN BRINK,
and RICHARD KOGLER,

Defendants,

-and-

STERICYCLE, INC.,

Nominal Defendant.

C.A. No. 2018-0273-JTL

[PROPOSED] SCHEDULING ORDER

WHEREAS, the Parties to the above-captioned derivative action (the “Action”) have entered into a Stipulation and Agreement of Settlement, Compromise, and Release dated as of February 25, 2019 (the “Stipulation”), which provides for settlement and dismissal of the Action upon the terms and conditions set forth in the Stipulation;

WHEREAS, Plaintiff has made an application, pursuant to Court of Chancery Rule 23.1, for entry of a scheduling order in accordance with the Stipulation, approving the form and content of the notice of the Settlement to Stericycle, Inc.

EXHIBIT C (EXECUTION VERSION)

(“Stericycle”) Stockholders and scheduling the date and time for the Settlement Hearing;

WHEREAS, the Court having read and considered the Stipulation and the exhibits attached thereto; the Stipulation being sufficient to warrant notice to Stericycle Stockholders; and all Parties having consented to the entry of this Scheduling Order;

NOW THEREFORE, IT IS HEREBY ORDERED, this ___ day of February, 2019, as follows:

1. **Definitions**: Unless otherwise defined herein, the capitalized terms used herein shall have the same meanings as they have in the Stipulation.

2. **Settlement Hearing**: The Court will hold a settlement fairness hearing (the “Settlement Hearing”) on _____, 2019, at ___ : ___ .m., in the Court of Chancery, Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware, 19801, for the following purposes: (a) to determine whether Plaintiff and Plaintiff’s Counsel have adequately represented the interests of Stericycle and its stockholders; (b) to determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate to Plaintiff, Stericycle and Stericycle Stockholders, and should be approved by the Court; (c) to determine whether an Order and Final Judgment substantially in the form attached to the Stipulation as Exhibit A should be entered dismissing the Action

EXHIBIT C (EXECUTION VERSION)

on the terms set forth in the Stipulation; (d) to determine whether the application by Plaintiff's Counsel for an award of attorneys' fees and reimbursement of litigation expenses, and for incentive awards to Plaintiff ("Fee and Expense Application"), should be approved; (e) to hear and consider any objections to the Settlement and/or to the Fee and Expense Application; and (f) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

3. The Court may adjourn the Settlement Hearing and approve the proposed Settlement with such modifications as the Parties may agree to without further notice to Stericycle Stockholders.

4. **Manner of Giving Notice:** Notice of the Settlement and the Settlement Hearing shall be given by Stericycle as follows:

(a) No later than sixty (60) calendar days before the Settlement Hearing, Stericycle shall mail, or cause to be mailed, a copy of the Notice, substantially in the form attached to the Stipulation as Exhibit B, by first-class mail or other mail service if mailed outside the United States, to each Person who was a stockholder of record of Stericycle as of the date that the Stipulation was submitted to the Court (other than Defendants) at his, her or its last known address appearing in the stock transfer records maintained by or on behalf of Stericycle as of the close of business on the date that the Stipulation was filed with the Court. All Stericycle Stockholders who are

EXHIBIT C (EXECUTION VERSION)

record holders of Stericycle common stock on behalf of beneficial owners shall be requested in the Notice to forward the Notice to such beneficial owners of those shares. Stericycle shall use reasonable efforts to give notice to such beneficial owners by causing additional copies of the Notice (i) to be made available to any record holder who, prior to the Settlement Hearing, requests the same for distribution to beneficial owners, or (ii) to be mailed to beneficial owners whose names and addresses Stericycle receives from record owners.

(b) No later than fourteen (14) days prior to the Settlement Hearing, Stericycle shall serve on Plaintiff's Counsel and file with the Court proof, by affidavit or declaration, of compliance with the notice provisions listed above.

5. **Approval of Form and Content of Notice:** The Court (a) approves as to form and content, the Notice, attached to the Stipulation as Exhibit B, and (b) finds that the mailing of the Notice in the manner and form set forth in paragraph 4 above: (i) constitutes notice that is reasonably calculated, under the circumstances, to apprise Stericycle Stockholders of the pendency of the Action, of the effect of the proposed Settlement (including the Releases to be provided thereunder), of the Fee and Expense Application, of their right to object to the Settlement and/or to the Fee and Expense Application, and of their right to appear at the Settlement Hearing; (ii) constitutes due, adequate, and sufficient notice to all persons and entities entitled to

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receive notice of the proposed Settlement; and (iii) satisfies the requirements of Court of Chancery Rule 23.1, the United States Constitution (including the Due Process Clause), and all other applicable laws and rules. The date and time of the Settlement Hearing shall be included in the Notice before it is mailed.

1. 6. **Appearance and Objections at the Settlement Hearing**: Any Stericycle Stockholder who continues to own shares of Stericycle common stock as of the date of the Settlement Hearing and who objects to the Settlement or the Fee and Expense Application, or who otherwise wishes to be heard, may appear in person or through his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; provided, however, that no such Person shall be heard, and no papers, briefs, pleadings, or other documents submitted by any such Person shall be received and considered by the Court unless, no later than twenty-one (21) calendar days prior to the Settlement Hearing, such Person files with the Register in Chancery, Court of Chancery, 500 North King Street, Wilmington, DE, 19801, and serves upon the attorneys listed below: (a) a written and signed notice of intention to appear, which states the name, address, telephone number, and email address (if available) of the objector and, if represented, of his, her, or its counsel; (b) proof that the objector owned shares of Stericycle stock as of the Record Date and continues to hold such shares; and (c) a written, detailed statement of the Person's objections to any matter before the Court, and the specific grounds therefor

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or the reasons why such Person desires to appear and to be heard, as well as all documents and writings which such Person desires the Court to consider, including any legal and evidentiary support. These writings must also be served by File & Serve*Xpress*, by email, by hand, by first-class mail, or by express service upon the following attorneys such that they are received no later than twenty-one (21) business days prior to the Settlement Hearing:

If to Plaintiff:

Peter Andrews
Craig Springer
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EXHIBIT C (EXECUTION VERSION)

7. Unless the Court orders otherwise, any Person or entity who or which does not make his, her, or its objection in the manner provided herein shall be deemed to have waived his, her, or its right to object to any aspect of the proposed Settlement and to the Fee and Expense Application and shall be forever barred and foreclosed from objecting to the fairness, reasonableness, or adequacy of the Settlement or the requested attorneys' fees, litigation expenses, and incentive awards, or from otherwise being heard concerning the Settlement or the Fee and Expense Application in this or any other proceeding.

8. **Stay and Temporary Injunction:** Until otherwise ordered by the Court, the Court stays all proceedings in the Action other than proceedings necessary to carry out or enforce the terms and conditions of the Stipulation. Pending final determination of whether the Settlement should be approved, the Court bars and enjoins Plaintiff and all other Stericycle Stockholders from commencing, instituting, or prosecuting any of the Released Plaintiffs' Claims against any of the Released Defendants.

9. **Notice Costs:** Stericycle shall pay the costs and expenses related to providing notice of the Settlement to Stericycle Stockholders, as well as any costs and expenses related to the administration of the Settlement.

EXHIBIT C (EXECUTION VERSION)

10. **Termination of Settlement**: If the Settlement is terminated pursuant to paragraph 15 of the Stipulation, the Parties shall be restored to their respective positions in the Action immediately prior to the execution of the Stipulation.

11. **Use of This Order**: Neither this Scheduling Order, the Stipulation, nor any act or omission in connection therewith is intended or shall be deemed to be a presumption, concession, or admission by: (a) any of the Released Defendants, as to the validity of any claims, causes of action, or other issues that were, might be, or have been raised in the Action or in any other litigation, or to be evidence of or constitute an admission of wrongdoing or liability by any of them, and each of them expressly denies any such wrongdoing or liability; or (b) Plaintiff, as to the infirmity of any claim or the validity of any defense, or to the amount of any damages. The existence of the Stipulation, its contents or any negotiations, statements, or proceedings in connection therewith, shall not be offered or admitted in evidence or referred to, interpreted, construed, invoked, or otherwise used by any Person for any purpose in the Action or otherwise, except as may be necessary to effectuate the Settlement. This provision shall remain in full force and effect in the event that the Settlement is terminated for any reason whatsoever. Notwithstanding the foregoing, any of the Released Parties may file the Stipulation or any judgment or order of the Court related hereto in any other action that may be brought against them, in order to support any and all defenses or counterclaims based on res judicata, collateral

estoppel, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

12. **Supporting Papers**: Plaintiff's Counsel shall file and serve the opening papers in support of the proposed Settlement, plus the Fee and Expense Application and any supporting papers, no later than thirty-five (35) calendar days prior to the Settlement Hearing. Opposition papers, if any, shall be filed and served no later than twenty-one(21) calendar days prior to the Settlement Hearing. Reply papers, if any, shall be filed and served no later than seven (7) calendar days prior to the Settlement Hearing.

Vice Chancellor J. Travis Laster