

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 4
TO
FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

STERICYCLE, INC.
(Exact name of Registrant as specified in its charter)

| | | |
|--|---|---|
| DELAWARE (State or other jurisdiction of incorporation or organization) | 4953 (Primary Standard Industrial Classification Code Number) | 36-3640402 (I.R.S. Employer Identification Number) |
|--|---|---|

1419 LAKE COOK ROAD, SUITE 410
DEERFIELD, ILLINOIS 60015
(847) 945-6550
(Address, including zip code, and telephone number, including
area code, of Registrant's principal executive offices)

MARK C. MILLER
PRESIDENT AND CHIEF EXECUTIVE OFFICER
STERICYCLE, INC.
1419 LAKE COOK ROAD, SUITE 410
DEERFIELD, ILLINOIS 60015
(847) 945-6550
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

COPIES TO:

Craig P. Colmar, Esq.
Michael Bonn, Esq.
Johnson and Colmar
300 South Wacker Drive
Chicago, Illinois 60606

Geoffrey E. Liebmann, Esq.
Cahill Gordon & Reindel
80 Pine Street
New York, New York 10005

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. / /

If this Form is filed to register additional securities for an offering pursuant to Rule 426(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR

DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL
FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION
STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF
THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME
EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SUCH SECTION 8(A),
MAY DETERMINE.

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- -----

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

| EXHIBIT NO. | DESCRIPTION |
|----------------|---|
| 1.1* | Form of Underwriting Agreement. |
| 3.1* | Certificate of Incorporation of the Registrant, as currently in effect. |
| 3.5* | By-Laws of the Registrant, as currently in effect. |
| 4.1 | Specimen certificate for shares of the Registrant's Common Stock, par value \$.01 per share. |
| 4.2* | Form of Common Stock Purchase Warrant in connection with July 1995 line of credit. |
| 4.3* | Form of Common Stock Purchase Warrant in connection with May 1996 short-term loan. |
| 4.4* | Amended and Restated Registration Agreement dated October 19, 1994 between the Registrant and certain of its stockholders, and related First Amendment dated September 30, 1995 and Second Amendment dated July 1, 1996. |
| 5.1 | Form of opinion of Johnson and Colmar. |
| 10.1* | Amended and Restated Incentive Compensation Plan. |
| 10.2* | Directors Stock Option Plan. |
| 10.3* | Loan and Security Agreement dated October 31, 1995 between the Registrant and Silicon Valley Bank, and related Amendments dated March 12, 1996 and June 4, 1996. |
| 10.4* | Guaranty Agreement dated June 1, 1992 among the Registrant, Fleet National Bank, as Trustee, and Rhode Island Industrial-Recreational Building Authority, and related Regulatory Agreement dated June 1, 1992 between the Registrant and the Rhode Island Industrial-Recreational Building Authority. |
| 10.5 | Radio-Frequency Heating Technology License Agreement dated November 10, 1995 between the Registrant and IIT Research Institute (revised; confidential treatment request withdrawn). |
| 10.6+ | Alliance Agreement dated October 12, 1993 between the Registrant and Baxter Healthcare Corporation (previously filed) and related First Amendment dated August 1, 1996. |
| 10.7+ | Agreement dated May 6, 1994 between the Registrant and SAGE Products, Inc., and related letter agreement dated November 7, 1995 (revised). |
| 10.8* | Office Lease dated December 26, 1991 between the Registrant and American National Bank and Trust Company of Chicago, as Trustee under Trust No. 57661, relating to the Registrant's Deerfield, Illinois office space. |
| 10.9* | Standard Form Industrial Lease dated October 1, 1991 between the Registrant and General American Life Insurance Registrant, relating to the Registrant's Loma Linda, California treatment facility. |
| 10.10* | Lease dated June 1, 1992 between the Registrant and Rhode Island Industrial Facilities Corporation, relating to the Registrant's Woonsocket, Rhode Island treatment facility. |
| 10.11* | Lease dated February 25, 1992 between the Registrant and EML Associates, relating to the Registrant's San Leandro, California transfer station. |
| 10.12* | Master Lease Agreement dated February 11, 1994 between the Registrant and Ziegler Leasing Corporation, relating to the machinery and equipment at the Registrant's Yorkville, Wisconsin treatment facility |

| EXHIBIT NO. | DESCRIPTION |
|----------------|---|
| 10.13* | Master Lease Agreement dated March 14, 1991 between the Registrant and LINC Venture Lease Partners II, L.P., and related Equipment Schedule dated January 1, 1996, relating to the machinery and equipment at the Registrant's West Memphis, Arkansas recycling and research development facility, its San Leandro, California transfer station, and its Morton, Washington treatment facility. |
| 10.14* | State of Rhode Island and Providence Plantations Consent Agreement dated August 22, 1995 between the Registrant and the Rhode Island Department of Environmental Management. |
| 10.15+ | Interim Agreement dated June 28, 1996 between the Registrant and a Brazilian company (revised). |
| 11* | Statement Re Computation of Per Share Earnings (revised). |
| 21.1* | Subsidiaries. |
| 23.1 | Consent of Ernst & Young LLP. |
| 23.2** | Consent of Johnson and Colmar (to be filed as part of Exhibit 5.1). |
| 24.1* | Power of Attorney. |

- -----
 * Previously filed.
 ** To be filed by amendment.
 + Confidential treatment requested.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 4 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Village of Deerfield, State of Illinois, on August 15, 1996.

STERICYCLE, INC.

By: /s/ MARK C. MILLER

Mark C. Miller
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 4 to Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

| NAME | TITLE | DATE |
|---|--|-----------------|
| * ----- Jack W. Schuler | Chairman of the Board of Directors | August 15, 1996 |
| /s/ MARK C. MILLER ----- Mark C. Miller | President, Chief Executive Officer and a Director (Principal Executive Officer) | August 15, 1996 |
| * ----- James F. Polark | Vice President, Finance and Chief Financial Officer (Principal Financial and Accounting Officer) | August 15, 1996 |
| * ----- Patrick F. Graham | Director | August 15, 1996 |
| * ----- John Patience | Director | August 15, 1996 |
| * ----- Lloyd D. Ruth | Director | August 15, 1996 |
| * ----- L. John Wilkerson, Ph.D. | Director | August 15, 1996 |
| * ----- Peter Vardy | Director | August 15, 1996 |
| *By /s/ MARK C. MILLER ----- Mark C. Miller ATTORNEY-IN-FACT | | |

EXHIBIT INDEX

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- -----

* Previously filed.

** To be filed by amendment.

+ Confidential treatment requested.

[LOGO]

SEE REVERSE SIDE
FOR CERTAIN DEFINITIONS

SHARES

- -----
S[NUMBER]

STERICYCLE, INC

CUSIP S58912 10 8

- -----
INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

- -----
This Certifies That

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK, PAR VALUE \$.01 PER
SHARE OF

STERICYCLE, INC.

transferable on the books of the Corporation by the holder hereof in person or
by duly authorized attorney upon surrender of this certificate properly
endorsed. This certificate is not valid unless countersigned by the Transfer
Agent and registered by the Registrar.

WITNESS the facsimile seal of the corporation and the facsimile
signatures of the Corporation's duly authorized officers.

DATED:

COUNTERSIGNED AND REGISTERED:
HARRIS TRUST AND SAVINGS BANK
TRANSFER AGENT
AND REGISTRAR

/s/ Mark C. Miller
PRESIDENT AND CHIEF EXECUTIVE OFFICER

[CORPORATE SEAL]

BY

/s/ James F. Polark
SECRETARY

AUTHORIZED SIGNATURE

The corporation will furnish without charge to each stockholder who so requests, a statement of the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

The signature(s) must be guaranteed by an eligible guarantor institution (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions with membership in an approved signature guarantee Medallion Program),) pursuant to S.E.C. Rule 17Ad-15.

[Letterhead]

August , 1996

Board of Directors
Stericycle, Inc.
1419 Lake Cook Road
Suite 410
Deerfield, Illinois 60015

Re: REGISTRATION STATEMENT ON FORM S-1

Gentlemen:

We have acted as counsel to Stericycle, Inc. (the "Company") in connection with the preparation and filing with the Securities and Exchange Commission of a Registration Statement on Form S-1 (the "Registration Statement") for the registration (Registration No. 333-05665) under the Securities Act of 1933, as amended, of 3,450,000 shares of the Company's Common Stock, par value \$.01 per share (the "Shares"), of which 3,000,000 Shares are to be offered for sale in a public offering underwritten by Dillon, Read & Co. Inc., Salomon Brothers Inc and William Blair & Company, L.L.C. and other underwriters (the "Underwriters") and 450,000 Shares are intended to cover the Underwriters' over-allotments, if any.

As such counsel, we have examined the Registration Statement (including the prospectus which is part of the Registration Statement), as the Registration Statement (and prospectus) have been amended to date, the Company's certificate of incorporation and by-laws, each as amended to date, minutes of meetings and records of proceedings of the Company's Board of Directors and stockholders (including, but not limited to, (i) the minutes of a meeting by teleconference of the Board of Directors on June 11, 1996, (ii) the Consent of Directors dated as of July 31, 1996, signed by all of the Company's directors, pursuant to which, in accordance with section 141(f) of the General Corporation Law of the State of Delaware (the "Delaware General Corporation Law"), the Company's Board of Directors adopted certain resolutions without the necessity of a formal meeting of the Board of Directors and (iii) the Consent of Stockholders dated as of July 31, 1996, signed by holders of a majority of the Corporation's then outstanding shares of Class A Common Stock and holders of a majority of the Corporation's then outstand-

ing shares of Class B Common Stock pursuant to which, in accordance with section 228 of the Delaware General Corporation Law, the Company's stockholders adopted certain resolutions without the necessity of a formal meeting of the stockholders), and such other matters of fact and questions of law as we have considered necessary to form the basis of our opinion. In the course of this examination, we have assumed the genuineness of all signatures, the authenticity of all documents and certificates submitted to us as originals by representatives of the Company, public officials and third parties, and the conformity to and authenticity of the originals of all documents and certificates submitted to us as copies.

On the basis of our examination, we are of the opinion that the Company has duly authorized the issuance of the Shares and that, when issued and delivered to the Underwriters against payment in accordance with the underwriting agreement to be entered into by the Company and Dillon, Read & Co. Inc., Salomon Brothers Inc and William Blair & Company, L.L.C., as managing underwriters and representatives of the several underwriters to be named in Schedule A to the underwriting agreement, the Shares will be validly issued, fully paid and non-assessable.

We consent to the use of our opinion as an exhibit to the Registration Statement.

Very truly yours,

JOHNSON AND COLMAR

RADIO-FREQUENCY HEATING
TECHNOLOGY
LICENSE AGREEMENT

This Agreement entered into this 10th day of November 1995 by and between IIT Research Institute (hereinafter "IITRI"), a not-for-profit corporation organized under the laws of the State of Illinois with principal offices located at 10 West 35th Street, Chicago, Illinois 60616-3799, U.S.A. and Stericycle Inc., a corporation organized under the laws of the State of Delaware with principal offices located at 1419 Lake Cook Road, Suite 410, Deerfield, Illinois 60015 (hereinafter "STERICYCLE"), revoking and replacing the July 13, 1989 Research Agreement and any amendments or understandings thereto between IITRI and STERICYCLE.

WITNESSETH

WHEREAS, IITRI and STERICYCLE are parties to an agreement entitled "RESEARCH AGREEMENT" entered into July 13, 1989 as amended, (hereinafter collectively "RESEARCH AGREEMENT");

WHEREAS, IITRI and STERICYCLE desire to terminate the RESEARCH AGREEMENT in its entirety and substitute and replace the RESEARCH AGREEMENT with the present Agreement;

WHEREAS, IITRI and STERICYCLE agree that proper notice has been provided pursuant to the RESEARCH AGREEMENT in order to terminate the RESEARCH AGREEMENT;

WHEREAS, IITRI's obligation to maintain STERICYCLE information in confidence has expired pursuant to the terms and conditions of the RESEARCH AGREEMENT;

WHEREAS, IITRI represents that it is the owner and licensor of certain IITRI PATENT RIGHTS and related IITRI KNOW-HOW pertaining to radio-frequency technology;

WHEREAS, STERICYCLE desires to obtain a fully paid-up, royalty-free, exclusive license with the right to sublicense the IITRI PATENT RIGHTS and IITRI KNOW-HOW for use in the FIELD OF USE, in the herein described STERICYCLE EXCLUSIVE TERRITORY;

WHEREAS, STERICYCLE's obligation to maintain IITRI information in confidence has expired pursuant to the terms and conditions of the RESEARCH AGREEMENT;

WHEREAS, STERICYCLE represents that it is the owner and licensor of certain STERICYCLE PATENT RIGHTS pertaining to radio-frequency technology;

WHEREAS, IITRI desires to obtain a fully paid up, royalty free, exclusive license with the right to sublicense the STERICYCLE PATENT RIGHTS for use in the FIELD OF USE in the herein described IITRI EXCLUSIVE TERRITORY;

NOW, THEREFORE, for and in consideration of the promises and mutual covenants herein contained, IITRI and STERICYCLE agree as follows:

1. DEFINITIONS

As used throughout this Agreement, the following terms shall have the meanings as hereinafter defined:

- 1.01 "EFFECTIVE DATE" shall mean the date first written above.
- 1.02 "IITRI PATENT RIGHTS" shall mean any patents and/or applications for patents owned or filed by IITRI prior to or subsequent to the EFFECTIVE DATE that pertain to both radio-frequency technology and the FIELD OF USE as defined below. The IITRI PATENT RIGHTS as of the EFFECTIVE DATE of this Agreement are listed in Attachment A of this Agreement.
- 1.03 "STERICYCLE PATENT RIGHTS" shall mean any patents and/or patent applications owned or filed by STERICYCLE prior to or subsequent to the EFFECTIVE DATE that pertain to both radio-frequency technology and the FIELD OF USE as defined below. The STERICYCLE PATENT RIGHTS as of the EFFECTIVE DATE of this Agreement are listed in Attachment B of this Agreement.
- 1.04 "IITRI KNOW-HOW" shall mean IITRI information relating to radio-frequency technology, including electrical conduction heating and dielectric heating.

1.05 "FIELD OF USE" shall mean the treatment of medical waste to inactivate some or all of the microorganisms found in or on such waste.

1.06 "STERICYCLE EXCLUSIVE TERRITORY" shall be defined to mean the following countries:

| | | |
|----------------|-----------------|--------------------------|
| Argentina | Germany | Portugal |
| Australia | Greece | Saudi Arabia |
| Austria | Hungary | South Africa |
| Belgium | Iceland | South Korea |
| Brazil | Indonesia | Spain |
| Canada | Ireland | Sweden |
| Colombia | Italy | Switzerland |
| Czech Republic | Japan | Taiwan |
| Denmark | Luxembourg | Thailand |
| Finland | Mexico | United Kingdom |
| France | The Netherlands | United States of America |
| | Norway | |

1.07 "IITRI EXCLUSIVE TERRITORY" shall mean all remaining countries not defined as within the STERICYCLE EXCLUSIVE TERRITORY.

2. LICENSE GRANT

2.01 IITRI hereby grants to STERICYCLE and STERICYCLE hereby accepts the fully paid, royalty free, exclusive right and license, including the right to grant sublicenses, to practice IITRI PATENT RIGHTS and IITRI KNOW-HOW, to enable STERICYCLE to make, have made, use, sell, offer to sell, distribute, rent, lease and/or reproduce any portion or embodiment of the IITRI PATENT RIGHTS, to the extent they exist, and the IITRI KNOW-HOW, within the FIELD OF USE in the STERICYCLE EXCLUSIVE TERRITORY.

2.02 STERICYCLE hereby grants to IITRI and IITRI accepts the fully paid, royalty free, exclusive right and license, including the right to grant sublicenses, to practice STERICYCLE PATENT RIGHTS to enable IITRI to use, sell, offer to sell, distribute, rent, and/or lease any portion or embodiment of STERICYCLE PATENT RIGHTS within the FIELD OF USE in the IITRI EXCLUSIVE TERRITORY.

2.03 Where IITRI has the right to do so, IITRI will offer STERICYCLE a license within the STERICYCLE EXCLUSIVE TERRITORY for inventions developed by others that pertain to both the FIELD OF USE and radio-frequency technology.

- 2.04 Where STERICYCLE has the right to do so, STERICYCLE will offer IITRI a license within the IITRI EXCLUSIVE TERRITORY for inventions developed by others that pertain to both the FIELD OF USE and radio-frequency technology.

3. MARKETING

- 3.01 IITRI hereby agrees that STERICYCLE shall have exclusive marketing rights within the FIELD OF USE in the STERICYCLE EXCLUSIVE TERRITORY.
- 3.02 STERICYCLE hereby agrees that IITRI shall have exclusive marketing rights within the FIELD OF USE in the IITRI EXCLUSIVE TERRITORY.
- 3.03 IITRI and STERICYCLE agree to cooperate to the fullest extent possible in the event one party identifies a potential customer within the FIELD OF USE in the other party's EXCLUSIVE TERRITORY.

4. SUPPLY AND SERVICE

- 4.01 IITRI hereby grants to STERICYCLE the right to competitively bid to supply and service IITRI systems within the FIELD OF USE in the IITRI EXCLUSIVE TERRITORY. IITRI hereby grants to STERICYCLE the right to match the most competitive bid to supply and service IITRI systems within the FIELD OF USE in the IITRI EXCLUSIVE TERRITORY.

5. PATENT RIGHTS

- 5.01 IITRI agrees that it will provide STERICYCLE adequate and timely written notice that IITRI intends to let any IITRI PATENT RIGHTS lapse.
- 5.02 IITRI agrees that STERICYCLE shall have the initial right to assume responsibility of any IITRI PATENT RIGHTS that IITRI intends to let lapse.
- 5.03 In the event that STERICYCLE assumes any IITRI PATENT RIGHTS pursuant to Paragraph 5.02, those IITRI PATENT RIGHTS shall become jointly owned by IITRI and STERICYCLE.
- 5.04 STERICYCLE agrees that it will provide IITRI adequate and timely written notice that STERICYCLE intends to let any STERICYCLE PATENT RIGHTS lapse.

- 5.05 STERICYCLE agrees that IITRI shall have the initial right to assume responsibility of any STERICYCLE PATENT RIGHTS that STERICYCLE intends to let lapse.
- 5.06 In the event that IITRI assumes any STERICYCLE PATENT RIGHTS pursuant to Paragraph 5.05, those STERICYCLE PATENT RIGHTS shall become jointly owned by STERICYCLE and IITRI.

6. CONSIDERATION

- 6.01 In consideration of the rights and licenses granted STERICYCLE herein and for the period over which this Agreement is in effect, STERICYCLE has transferred Twenty-two Thousand (22,000) shares of its common stock to IITRI.
- 6.02 In consideration of the rights and licenses granted IITRI herein and for the period over which this Agreement is in effect, IITRI hereby agrees to waive and forego any royalties or other payments that may be due IITRI as provided for under the terms of the RESEARCH AGREEMENT and IITRI shall whenever and wherever possible recommend STERICYCLE as the premier supplier and installer in and of equipment and systems for application and practice of the IITRI PATENT RIGHTS and IITRI KNOW-HOW.

7. GENERAL PROVISIONS

- 7.01 This Agreement shall be interpreted in accordance with the laws of the State of Illinois, U.S.A. and shall be deemed to have been executed and delivered in the State of Illinois, U.S.A.
- 7.02 If any paragraph, section, term, condition or provision of this Agreement shall be finally adjudged to be unlawful or unenforceable for any reason, such article, paragraph, section, term, condition or provision hereby shall be deemed severable herefrom and shall be deemed thereby to be stricken herefrom and shall not thereupon and thereafter otherwise remain in full force and effect undisturbed by such adjudication.
- 7.03 This Agreement shall not be assignable by either party in whole or in part, without the prior written consent of the other party, except that either party may assign all of its rights hereunder together with all of its obligations hereunder to any third party with which it may merge or consolidate, or to which it may transfer substantially all of its property and assets relating to the subject matter of this Agreement.

- 7.04 It is understood and agreed that there shall be no warranty by IITRI, express or implied, as to the results to be obtained utilizing IITRI PATENT RIGHTS and IITRI KNOW-HOW or as to freedom from infringement of any patents of any third party.
- 7.05 It is understood and agreed that there shall be no warranty by STERICYCLE, express or implied, as to the results to be obtained utilizing STERICYCLE PATENT RIGHTS or as to freedom from infringement of any patents of any third party.
- 7.06 IITRI and STERICYCLE agree to fully cooperate and resolve any issue of licensing terms or conditions including exclusivity whenever and wherever possible when IITRI is attempting to sublicense others under Section 2.02.
- 7.07 IITRI and STERICYCLE agree to fully cooperate and resolve any issue of licensing terms or conditions including exclusivity whenever and wherever possible when STERICYCLE is attempting to sublicense others under Section 2.01.
- 7.08 This Agreement, when executed by the parties hereto, shall constitute the entire Agreement between the parties.
- 7.09 This Agreement expressly terminates all sections or provisions in the RESEARCH AGREEMENT.

8. TERM AND TERMINATION

- 8.01 This Agreement shall continue in force from the EFFECTIVE DATE until the last to expire patent owned by either IITRI or STERICYCLE relating to IITRI PATENT RIGHTS as defined and STERICYCLE PATENT RIGHTS as defined, unless this Agreement is terminated earlier by mutual agreement of the parties.

9. NOTICE

- 9.01 All correspondence under this Agreement should be sent to the following addresses:

Attn: Office of the General Counsel
IIT Research Institute
10 West 35th Street
Chicago, IL 60616-3799

Attn: President
Stericycle, Inc.
1419 Lake Cook Road - Suite 410
Deerfield, IL 60015

or such other address to which either party shall give due written notice from time to time.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers, duly authorized as of the date first above written.

IIT Research Institute

Stericycle, Inc.

By: /s/A. L. Valentine

By: /s/Mark C. Miller

Title: Group Vice President

Title: President/CEO

Date: November 10, 1995

Date: November 15, 1995

ATTACHMENT A

| TITLE ----- | COUNTRY ----- | APP. NO. ----- | FILING DATE ----- | PATENT NO. ----- | ISSUE DATE ----- |
|---|------------------|-------------------|----------------------|---------------------|---------------------|
| Method and Apparatus For Rendering Medical Materials Safe | USA | 08/290,002 | 8/12/94 | Pending | |
| | USA | 08/409,897 | 03/23/95 | Pending | |
| | USA | 08/426,631 | 04/21/95 | Pending | |
| | USA | 08/466,088 | 06/06/95 | Pending | |
| | USA | 08/480,879 | 06/07/95 | Pending | |
| | CA | 2,079,331 | 03/28/91 | Pending | |
| | EP | 91908103.4 | 03/28/91 | Pending | |
| | CA | 2,086,124 | 07/03/91 | Pending | |
| | EP | 91913191.2 | 07/03/91 | Pending | |
| | CA | 2,086,125 | 07/02/91 | Pending | |
| | EP | 91913461.9 | 07/02/91 | Pending | |

ATTACHMENT B

| TITLE - - - - - | COUNTRY - - - - - | APP. NO. - - - - - | FILING DATE - - - - - | PATENT NO. - - - - - | ISSUE DATE - - - - - |
|---|----------------------|-----------------------|--------------------------|-------------------------|-------------------------|
| Method For Disinfecting Medical Materials | USA | 07/530,438 | 06/01/90 | 5,035,858 | 07/30/91 |
| Device For Disinfecting Materials | USA | 07/698,594 | 05/10/91 | 5,226,065 | 07/06/93 |
| Method For Disinfecting Medical Materials | Canada | 2027392 | 10/11/90 | Pending | |
| | EP0 | 90916602.7 | 10/15/90 | Pending | |
| | Japan | 2-515575 | 10/15/90 | Pending | |
| Apparatus and Method For Processing Medical Waste | USA | 07/586,442 | 09/21/90 | 5,106,594 | 04/21/92 |
| | USA | 07/903,906 | 06/25/92 | Pending | |
| | USA | 08/177,803 | 01/06/94 | Pending | |
| | USA | 08/485,480 | 06/07/95 | Pending | |
| | USA | 08/486,394 | 06/07/95 | Pending | |
| | Australia | 85449/91 | 09/18/91 | 642533 | 03/07/94 |
| | Canada | 2069430 | 09/18/91 | Pending | |
| | EP0 | 91917216.3 | 09/18/91 | Pending | |
| | Hungary | P9201696 | 09/18/91 | Pending | |
| | Ireland | 920862 | 03/18/92 | Pending | |
| | Japan | 3-515692 | 09/18/91 | Pending | |
| | Mexico | 921455 | 03/31/92 | 177232 | 03/15/95 |
| | Mexico | 947607 | 03/31/92 | Pending | |
| | Russian Fed. | 5052770.13 | 09/18/91 | Pending | |
| | South Korea | 701203/92 | 09/18/91 | Pending | |

FIRST AMENDMENT TO
ALLIANCE AGREEMENT

This Amendment is entered into as of August 1, 1996 by Baxter Healthcare Corporation, a Delaware corporation ("Baxter"), and Stericycle, Inc., a Delaware corporation ("Stericycle").

PREAMBLE

Baxter and Stericycle are parties to an Alliance Agreement which, while undated, was signed on or about, and became effective as of, October 12, 1993 (the "Alliance Agreement"). Baxter and Stericycle desire to clarify and amend the Alliance Agreement as follows.

Now, therefore, in consideration of their mutual promises, Baxter and Stericycle agree as follows:

1. DEFINITIONS. Capitalized terms used in this Amendment without being defined have the same meanings that they have in the Alliance Agreement. The following terms have these meanings:

ALLEGIANCE means Allegiance Corporation, a Delaware corporation. Allegiance is currently a wholly-owned direct subsidiary of Baxter International Inc.

ALLEGIANCE SPIN-OFF means the distribution by Baxter International Inc. to its stockholders of all of its stock in Allegiance.

BAXTER LOCK-UP AGREEMENT means the Lock-Up Agreement dated July 1, 1996 from Baxter to the Managing Underwriters, which Baxter signed and delivered in connection with the Stericycle IPO. A copy of the Baxter Lock-Up Agreement is attached to this Amendment as EXHIBIT A.

MANAGING UNDERWRITERS means Dillon, Read & Co. Inc., Salomon Brothers Inc and William Blair & Company L.L.C., as the representatives of the underwriters in connection with the Stericycle IPO.

REGISTRATION STATEMENT means the Registration Statement on Form S-1 that Stericycle filed with the Securities and Exchange Commission on June 11, 1996 in connection with the Stericycle IPO (Registration No. 333-05665), as it has been and may be further amended before becoming effective.

STERICYCLE CLASS A COMMON STOCK means the Class A Common Stock, par value \$0.01 per share, which Stericycle is currently authorized to issue.

STERICYCLE COMMON STOCK means the Common Stock, par value \$0.01 per share,

which Stericycle will become authorized to issue prior to completion of the Stericycle IPO.

STERICYCLE IPO means Stericycle's initial public offering of up to 3,450,000 shares of Stericycle Common Stock pursuant to the Registration Statement.

2. AMENDMENT OF SECTIONS 7.6 AND 7.7. Upon the expiration of the Baxter Lock-Up Agreement 180 days after the date of Stericycle's execution and delivery of the underwriting agreement to be entered into by Stericycle and the Managing Underwriters in connection with the Stericycle IPO, or upon the earlier termination of the Baxter Lock-Up Agreement by the Managing Underwriters (or by Dillon, Read & Co. Inc. on their behalf), Sections 7.6 and 7.7 of the Alliance Agreement shall be amended to read as follows, without the necessity of any further action by either Baxter or Stericycle:

7.6 CONSEQUENCES OF EARLY TERMINATION. (a) Any notice of termination of the Alliance given by Baxter pursuant to Section 7.3(a) (as a result of a willful breach or default by Stericycle) or 7.4(a) of this Agreement shall describe the basis upon which Baxter believes that it is entitled to terminate the Alliance pursuant to such Section. If the Alliance is terminated by Baxter pursuant to Section 7.3(a) (as a result of a willful breach or default by Stericycle) or 7.4(a) of this Agreement, promptly upon such termination, Stericycle shall transfer the Alliance Technology and all of Stericycle's rights therein (including all rights to receive royalty payments) to Baxter.

(b) Any notice of termination of the Alliance given by Stericycle pursuant to Section 7.3(a) (as a result of a willful breach or default by Baxter) or 7.5(c) of this Agreement shall describe the basis upon which Stericycle believes that it is entitled to terminate the Alliance pursuant to such Section. If the Alliance is terminated by Stericycle pursuant to Section 7.3(a) (as a result of a willful breach or default by Baxter) or 7.5(c) of this Agreement, promptly upon such termination, Baxter shall transfer all of its rights in the Alliance Technology to Stericycle (and Baxter's rights to receive payments under Sections 4.6(c) and 9.1(d) of this Agreement shall immediately terminate).

(c) If the Alliance is terminated by Baxter pursuant to Section 7.3(a) (other than as a result of a willful breach or default by Stericycle), 7.3(b), 7.3(c), 7.4(b), 7.4(c), 7.4(d), or 7.4(e) of this Agreement, or by Stericycle pursuant to Section 7.3(a) other than as a result of a willful breach or default by Baxter), 7.3(b), 7.3(c), 7.5(a), or 7.5(b) of this Agreement promptly upon such termination, Stericycle shall grant Baxter a License on a non-exclusive basis.

7.7 POST TERMINATION FORFEITURE OF RIGHTS TO ALLIANCE TECHNOLOGY. (a) Provided (except in the case of a termination of the Alliance by Baxter pursuant to Section 7.4(e) of this Agreement) that a Baxter Competitive Event shall not have first occurred, if at any time within 18 months after the termination of the alliance by Baxter pursuant to Section 7.3(a) (other than as a result of a willful breach or default by Stericycle), 7.3(c), 7.4(b), 7.4(c), or 7.4(e) of this Agreement or the non-renewal of the Alliance by Baxter, a Stericycle Competitive Event occurs, Baxter's rights with respect to the Alliance Technology shall

automatically be transferred to Stericycle (and Baxter's rights to receive payments under Sections 4.6(c) and 9.1(d) of this Agreement shall immediately terminate).

(b) Provided that a Stericycle Competitive Event shall not have first occurred, if at any time within 18 months after the termination of the Alliance by Stericycle pursuant to Section 7.3(a) (other than as a result of a willful breach or default by Baxter), 7.3(c) or 7.5(b) of this Agreement or the non-renewal of the alliance by Stericycle, a Baxter Competitive Event occurs, all of Stericycle's rights with respect to the Alliance Technology (including all rights to receive royalty payments) shall automatically be transferred to Baxter.

3. ALLEGIANCE SPIN-OFF. Stericycle consents to Baxter's assignment to Allegiance, or to any direct or indirect wholly-owned subsidiary of Allegiance, of all of Baxter's rights and obligations under the Alliance Agreement, as amended by this Amendment, as part of the Allegiance Spin-off. Any such assignment shall not be effective until Baxter has given written notice of the assignment to Stericycle (but no further consent or other action by Stericycle shall be necessary). Stericycle shall promptly request the Managing Underwriters (or Dillon, Read & Co. Inc. on their behalf) to consent to Baxter's transfer of the Stericycle Shares to Allegiance (or to the direct or indirect wholly-owned subsidiary to which Baxter has assigned its rights and obligations under the Alliance Agreement, as amended by this Amendment) on the condition that Allegiance (or the other transferee) signs and delivers to the Managing Underwriters a lock-up agreement in substantially the same form as the Baxter Lock-Up Agreement.

4. MISCELLANEOUS. As amended by this Amendment, the Alliance Agreement shall continue in full force and effect. This Amendment shall be governed by the laws of the State of Delaware, without regard to choice-of-law rules. This Amendment may be signed in counterparts, any one of which need not contain the signature of both parties, but all of which taken together shall constitute one and the same instrument.

In witness, the parties have signed this Amendment.

STERICYCLE, INC.

By: /s/ Mark C. Miller

Mark C. Miller
PRESIDENT AND CHIEF EXECUTIVE OFFICER

BAXTER HEALTHCARE CORPORATION

By: /s/ John F. Gaither, Jr.

John F. Gaither, Jr.
VICE PRESIDENT

AGREEMENT

THIS AGREEMENT is made and entered into on this 6th day of May, 1994, by and between SAGE PRODUCTS, INC., an Illinois corporation ("Sage") and STERICYCLE, INC., an Illinois corporation ("Stericycle").

WITNESSETH:

WHEREAS, Sage and Stericycle desire to develop a process which will generate a constant source of polyolefin, a plastic product consisting substantially of polypropylene with traces of polyethylene and polystyrene and other olefins, from post consumer medical waste (the "Product") for use by Sage in the manufacture of its line of health care products;

WHEREAS, pursuant to the terms of that certain Letter Agreement dated November 11, 1992 (the "Letter Agreement"), Sage and Stericycle have previously agreed to jointly develop a process which will facilitate the reclamation of the Product from post consumer medical waste for use by Sage in the manufacture of its line of health care products (the "Process");

WHEREAS, Sage and Stericycle have previously expended monies pursuant to the development of the Process;

WHEREAS, Sage has agreed to make a payment of up to[*] to Stericycle, which payment will be applied towards [*] the

* Omitted; filed separately with the Commission

total installed cost of that certain equipment which is necessary for the further development of the Process, as that certain Equipment is described in Exhibit A (the "Equipment");

WHEREAS, from and after the time that development of the Process is complete, Sage has agreed to purchase from Stericycle, and Stericycle has agreed to sell to Sage, the Product that is reclaimed from post-consumer medical waste by application of the Process; and

WHEREAS, Sage and Stericycle have agreed that Sage's payment of additional monies to Stericycle for the development of the Process and the purchase and sale of the resulting product will best be effectuated pursuant to the terms and provisions set forth herein;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged, Sage and Stericycle agree as follows:

1. DEVELOPMENT PERIOD.

A. EQUIPMENT. As the Equipment is installed and invoiced, Sage agrees to make a payment of up to [*] (the "Cash Payment") to Stericycle. Stericycle agrees to apply the Cash Payment towards [*] the cost of purchasing the Equipment (the "Project Cost"). Stericycle further agrees that it will apply up to [*] of cash, or assets having a net book value equivalent to [*] toward the

* Omitted; filed separately with the Commission

Project Cost. The Equipment is described on Schedule "A" attached hereto, which schedule may be amended from time to time.

(1) TITLE TO THE EQUIPMENT. Stericycle shall retain title to the Equipment; provided, however, that if this Agreement is terminated for any reason, Stericycle agrees to pay Sage an amount equal to [*] the "fair market value" of the Equipment. For purposes of this Agreement, "fair market value" will be determined by an independent appraiser jointly selected by Sage and Stericycle. The appraiser shall take into consideration the value of the Equipment as operated "in place". In the event that Sage does not agree with the appraised value, Sage shall, within thirty (30) days of delivery of the appraisal, have the option to meet the appraisal price and purchase the Equipment (the "Option Period"). The ultimate purchaser of the Equipment shall make payment to the other party within fifteen (15) days after the expiration of the Option Period.

(2) RELATED COSTS. Stericycle shall pay all maintenance and insurance costs, and all taxes, that pertain to the Equipment. For purposes of paragraph 2.E.(1) of this Agreement, the maintenance and insurance costs and the taxes pertaining to the Equipment shall be included as part of the direct operating cost of producing the Product by application of the Process.

B. PROJECT MANAGEMENT. Stericycle shall be responsible for purchasing the Equipment. Stericycle shall also be responsible for managing and supervising the operations which are undertaken pursuant to completion of development of the Process.

* Omitted; filed separately with the Commission

(1) MANAGEMENT FEE. In consideration of its management and supervision of the operations which are necessary to completion of development of the Process, Sage agrees to pay Stericycle a fee of [*]

(2) ADDITIONAL COSTS. If Sage and Stericycle agree that additional developmental expenses are required with respect to the Process, they will share such expenses equally.

2. PURCHASE AND SALE. From and after the time that development of the Process is complete, Sage agrees to purchase from Stericycle the Product that is reclaimed by application of the Process, and Stericycle agrees to sell to Sage the Product that is reclaimed by application of the Process, upon the following terms and conditions.

A. DESCRIPTION OF GOODS. The Product is a plastic product consisting substantially of polypropylene with traces of polyethylene and polystyrene and other olefins. Stericycle expressly agrees and acknowledges that Sage may use and incorporate the Product into any of its products, unless Sage has agreed to the sale of Product pursuant to paragraph 2.C.(3) herein, and Stericycle has entered into an exclusive agreement with a purchaser for the sale of that Product.

B. EXCLUSIVE PURCHASER. Except as otherwise provided herein, Stericycle represents that it will not sell, give away, or deliver to any other person, firm or corporation any commercial amount of the Product reclaimed by it during the term of this Agreement pursuant to the application of the Process without Sage's prior written consent, which consent shall not unreasonably be withheld.

* Omitted; filed separately with the Commission

If at anytime after December 31, 1994, Sage's annual purchases fall below [*] per year, Sage agrees to change its rights to a non-exclusive basis.

C. INITIAL GUARANTEED PURCHASE. Stericycle shall sell and deliver to Sage, and Sage shall purchase and accept from Stericycle, a minimum of [*] of Product per month ("Minimum"), commencing [*], and for each month thereafter through [*].

(1) SUBSEQUENT PURCHASES. After [*], Sage shall update and amend, on a quarterly basis, its estimate of its requirements of the Product for the following twelve (12) month period. The amount required shall be based solely on Sage's determination of its needs. The actual quantity of Product purchased by Sage shall be reflected in a purchase order (the "Purchase Order") . A Purchase Order shall be placed on the first day of the month for delivery by the fifteenth (15th) day of the succeeding month.

(2) FAILURE TO MEET REQUIREMENTS. If, for any reason, Stericycle does not completely fill a Purchase Order, and if the Purchase order is for an amount of Product which is less than the maximum amount of Product which can be reclaimed by the Process [*], Stericycle shall have sixty (60) days within which to make up the amount by which the Purchase Order is deficient; provided, however, that if the amount of Product enumerated in a Purchase Order exceeds the amount of Product enumerated in the immediately preceding Purchase Order by fifty percent (50%) or more, Stericycle shall have one hundred twenty (120) days within which to

* Omitted; filed separately with the Commission

make up the amount by which the Purchase Order is deficient. If, within that sixty (60) day period or one hundred twenty (120) day period, as the case may be, Stericycle is unable to make up the amount of the deficiency, Sage shall have the right to develop a source of Product which is adequate to meet its requirements; in the alternative, Sage may purchase the Product, or such other product as it deems suitable, from a third party.

(3) SALES TO THIRD PARTIES. If the amount of Product reclaimed by Stericycle is in excess of the amount required by Sage, Stericycle shall have the right to sell the excess to a third party; provided, however, that (a) Stericycle shall not sell such excess to any other person, firm or corporation which makes products which are made by Sage and in which Sage incorporates the Product and (b) Stericycle shall not sell such excess to any other person, firm or corporation which is engaged, directly or indirectly, in the development, manufacture or marketing of products which compete with the products which are developed, manufactured and marketed by Sage without Sage's prior written consent, which consent shall not unreasonably be withheld; provided further, that no sales shall be made at a price less than Sage's total unit cost without Sage's prior approval, which approval shall not unreasonably be withheld.

D. QUALITY OF GOODS. The units of Product which are produced by Stericycle and which comprise a Purchase Order shall meet the quality standards which are specified in Exhibit "B" attached hereto and incorporated herein. Stericycle warrants that the Product will conform to the attached specifications and that it will convey

good title thereto. The Product shall not include (and Sage shall not accept) "Excluded Material" (a) anatomical waste; (b) hazardous waste or hazardous substances, as defined under the Resource Conservation and Recovery Act of 1976, the Comprehensive Environmental Response, Compensation and Liability Act of 1980; or (c) radioactive materials, as defined by the United States Nuclear Regulatory Commission. Sage will not accept Excluded Material, and if Stericycle delivers Excluded Material to Sage, Sage may reject such Excluded Material and any Product which contains such material. At Sage's option, it may forward such Excluded Material for disposal at Stericycle's sole risk and expense. In order that Stericycle may produce Product which satisfies Sage's quality assurance standards, Sage agrees to assist Stericycle in understanding and satisfying those quality assurance standards of Sage which may be unique to its needs. Any units of the Product which do not reasonably satisfy the foregoing quality assurance standards may be rejected by Sage pursuant to the terms of paragraph 4 below.

E. PURCHASE PRICE. The total purchase price for a Purchase Order shall be equal to [

*

], as those costs are hereinafter defined (the "Purchase Price"). The direct and incremental costs of the Product shall be determined as follows.

* Omitted; filed separately with the Commission

(1) DIRECT COSTS. For purposes of this Agreement, direct cost shall include direct production and transportation expenditures which are associated with the production and delivery of the Product to Sage.

(2) RELATED PARTY ALLOCATIONS. Additional charges will be allocated for facility usage and nonproduction equipment. All such allocations shall be agreed to by Sage prior to billing for such costs.

(3) INCREMENTAL COSTS. Sage and Stericycle agree that the incremental costs for reclaiming the polyolefin plastics shall be equal to [*]. The incremental costs associated with the Product include the cost of additional energy usage for processing, additional material handling requirements before and after treatment and adjustments to normal processing standards for sharps-only materials.

(4) QUARTERLY AND YEAR-END ADJUSTMENT. Monthly charges shall be computed on a pro forma cost-per-pound basis as agreed to by the parties. An accounting which reflects the cost set forth herein on a per pound basis shall be provided on a quarterly basis, and Sage shall pay or be credited with the difference between the per pound cost as determined by the accounting and the per pound cost as determined by the pro forma. At the end of each calendar year, a comprehensive accounting which reflects the annualized cost per pound for the entire year shall be provided, and Sage shall pay or be credited with the difference between the actual costs, as computed in accordance with the terms of this Agreement, for the

* Omitted; filed separately with the Commission

calendar year and the sum total of payments and credits for that year. Any disputes with respect to the accounting shall be resolved within ninety (90) days after the presentation of the accounting, and if the parties cannot resolve the dispute within that time period, they shall submit the matter to a certified public accounting firm which is acceptable to both of them. Within sixty (60) days thereafter, the accounting firm to which the matter is submitted shall render a decision, and the decision so rendered shall be binding upon the parties.

(5) PAYMENT OF PURCHASE PRICE. Sage shall pay the Purchase Price for each shipment of Product and adjustments within fifteen (15) business days after delivery.

3. DELIVERY OF GOODS.

A. PLACE FOR DELIVERY. Stericycle shall deliver all units of Product comprising a Purchase Order FOB at Sage's facility located in Crystal Lake, Illinois.

B. TIME FOR DELIVERY. Stericycle shall commence delivery by [*
], and shall deliver all other Purchase Orders to Sage by the fifteenth (15th) day of each succeeding month (hereinafter referred to, singly, as the "Purchase Order Period" and, collectively, as the "Purchase Order Periods") until this Agreement terminates or is otherwise canceled.

* Omitted; filed separately with the Commission

4. RIGHT TO INSPECT GOODS. Before delivery of any shipment of Product is considered complete under this Agreement, Sage shall have the right to inspect the Product tendered for delivery. Such inspection shall take place at Sage's facility in Crystal Lake, Illinois. If any portion of a particular Purchase Order does not satisfy Buyer's quality assurance standards, Buyer may, within five (5) business days after taking delivery, reject that portion and immediately return it to Stericycle freight collect. Stericycle shall also pay the shipping costs associated with the furnishing of replacement goods. Sage shall not be charged for those portions which are properly rejected as being nonconforming. After five (5) business days from delivery of a shipment, all Product is deemed inspected and accepted by Sage.

5. ROYALTY. Sage shall pay a royalty to Stericycle based on Sage's "Net Sales" of those products which it has manufactured and which incorporate the Product. For purposes of this Agreement, "Net Sales" shall be defined as the total monthly invoice price of those products sold by Sage which incorporate the Product, less sales or excise taxes and shipping costs actually paid, directly or indirectly, by Sage, and less actual trade discounts, rebates and returns and allowances thereon. The amount of the royalty shall be equal to Sage's Net Sales of such products multiplied by a royalty percentage determined in accordance with the following schedule:

| Monthly Net Sales | | | Royalty Percentage | | |
|-------------------|---|---|--------------------|---|---|
| 1. | [| * | [| * |] |
| 2. | [| * | [| * |] |
| 3. | [| * | [| * |] |
| 4. | [| * | [| * |] |

The royalty so computed shall be paid to Stericycle on a quarterly basis, within thirty (30) days after the end of the calendar quarter.

6. TERM. Subject to the terms of paragraph 7 herein, the term of this Agreement shall commence as of January 1, 1994, and terminate on December 31, 1998 (the "Initial Term"). Thereafter, this Agreement shall be automatically extended for successive one (1) year terms unless sooner terminated pursuant to the terms of paragraph 7 herein.

7. TERMINATION.

A. TERMINATION DURING THE INITIAL TERM. During the Initial Term, this Agreement may be terminated for any of the following reasons:

(1) At Sage's option, if Stericycle is unable to deliver the full amount of a Purchase Order to Sage within its attendant Purchase Order Period, and, within sixty (60) days after written notice, Stericycle fails to cure the amount of the deficiency;

(2) At Sage's option, if four (4) shipments of Product in a twelve (12) month period fail to satisfy Sage's quality assurance standards, as those standards are delineated on Exhibit "B" attached hereto and incorporated herein;

(3) At Stericycle's option, if Sage fails to pay the Purchase Price to Stericycle, provided that Stericycle has given written notice to Sage and Sage has failed to cure within sixty (60) days thereafter; and

(4) At Stericycle's option, if Sage fails to pay the royalty provided for in paragraph 5 herein to Stericycle, provided that Stericycle has given written notice to Sage and Sage has failed to cure within sixty (60) days thereafter.

(5) By either party, if the other party files a petition in bankruptcy, has a receiver appointed for it, becomes insolvent or is unable to meet its debts as they come due. In the event that Sage terminates this Agreement pursuant to the terms of this paragraph, it shall have an option to purchase the Equipment from Stericycle for its net book value at the time of termination pursuant to the terms set forth in paragraph 1.A.(1) of this Agreement.

(6) At Sage's option, if Sage demonstrates the commercial availability of product which is substantially similar to the Product and which has a price which is [*] than the average weighted cost of the Product for the prior six (6) months.

* Omitted; filed separately with the Commission

B. TERMINATION AFTER THE INITIAL TERM. After expiration of the Initial Term, this Agreement may be terminated for any of the following reasons:

(1) Sage or Stericycle may terminate this Agreement at the end of any given year upon not less than 365 days written notice delivered to the other party; and

(2) For any of the reasons enumerated in paragraphs 7.A.(1)-7.A.(6) of this Agreement.

8. AUDIT.

A. AUDIT BY STERICYCLE. Stericycle shall have the right, upon written request, to inspect Sage's books and records in order to verify Sage's accounting for the royalty which is payable pursuant to paragraph 5 herein; provided, however, that Stericycle shall conduct no more than two (2) such inspections in any twelve (12) month period. Any inspection shall take place during normal business hours, upon reasonable notice, at Sage's address set forth below.

B. AUDIT BY SAGE. Sage shall have the right, upon written request, to inspect Stericycle's books and records in order to verify Stericycle's accounting for the all costs of the Product, as those costs are described in paragraph 2.E herein; provided, however, that Sage shall conduct no more than two (2) such inspections in any twelve (12) month period. Any inspection shall take place during normal business hours, upon reasonable notice, at Stericycle's address set forth below.

C. Any disputes with respect to the accounting shall be resolved within ninety (90) days after the presentation of the accounting, and if the parties cannot resolve the dispute within that time period, they shall submit the matter to a certified public accounting firm which is acceptable to both of them. Within sixty (60) days thereafter, the accounting firm to which the matter is submitted shall render a decision, and the decision so rendered shall be binding upon the parties.

9. JOINT OWNERSHIP OF TECHNOLOGY.

A. JOINTLY DEVELOPED TECHNOLOGY. Any and all patents, processes, technologies, drawings, technical information and data, and other information and intangible property rights which are developed under and pursuant to the terms of this Agreement shall be the joint property of Sage and Stericycle (the "Technology"). The Technology shall be described on Schedule "C" attached hereto, which schedule may be amended from time to time. Both Sage and Stericycle agree that each party shall have the perpetual right to use the Technology directly or to sublicense the Technology; provided, however, that neither party shall have the right to use the Technology to create products which would compete with the products which have been created by the other party. Sage and Stericycle recognize that Baxter and Stericycle have entered into an agreement to explore development of separate Baxter-Stericycle Technology in which Sage will have no rights; provided, however, that the Baxter-Stericycle agreement shall not limit any rights that Sage has under this Agreement.

B. PRE-EXISTING TECHNOLOGY. Any pre-existing patents, processes, technologies, technical information and data, and any other information and intangible property rights, (collectively, the "Preexisting Technology") shall remain the exclusive property of Sage or Stericycle, as the case may be, and neither party shall have the right to restrict the other party's use of its Preexisting Technology.

10. NATURE OF RELATIONSHIP. While this Agreement contemplates that Sage and Stericycle will work together to pursue certain enumerated goals, Sage and Stericycle expressly agree that this Agreement shall not create a joint venture for tax purposes and that each party shall determine the tax consequences of its actions under and pursuant to the terms of this Agreement on an independent basis. Sage and Stericycle also expressly agree that nothing contained in this Agreement shall be construed to authorize either party to act as general agent for the other party or to obligate the other party to pay any liability or take any action other than those set forth herein or those expressly agreed to by the parties in the future.

11. INDEMNITY.

A. INDEMNITY BY STERICYCLE. Stericycle agrees to indemnify and hold Sage harmless from and against any and all liabilities, obligations, suits, actions, proceedings or claims asserted against Sage which arise out of or result from the negligent

acts or omissions of Stericycle with respect to the design or manufacture of the Product or the handling of the Product prior to its delivery to Sage.

B. INDEMNITY BY SAGE. Sage agrees to indemnify and hold Stericycle harmless from and against any and all liabilities, obligations, suits, actions, proceedings or claims asserted against Stericycle arising out of or resulting from the negligent acts or omissions of Sage with respect to the design or manufacture of any of its products which incorporate the Product, or the handling of the Product subsequent to its delivery to Sage.

12. CONFIDENTIALITY. Sage and Stericycle acknowledge and agree that, during the term of this Agreement, either of them may receive or otherwise acquire information which is confidential or proprietary in nature and which is the exclusive property of the other party. Accordingly, Sage and Stericycle agree that, during the term of this Agreement, and from and after the date of its termination, they will not disclose or use, directly or indirectly, any such confidential or proprietary information unless they receive written authorization from the other party. Such confidential or proprietary information shall include, but shall not be limited to technical and non-technical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings, plans, processes, financial data and lists of actual or potential customers or suppliers.

13. AUTHORITY. Sage and Stericycle each have full authority to enter into this Agreement. Neither Sage nor Stericycle has entered into nor will either of them enter into any agreement which would prohibit that party from meeting its full obligations under this Agreement.

14. GOVERNING LAW. This Agreement shall be subject to, and governed by, the laws of the State of Illinois, including the Illinois Trade Secrets Act, 765 ILCS 1065/5 ET. SEQ. (1992 State Bar Edition) .

15. ENTIRE AGREEMENT. This Agreement supersedes all previous agreements between Sage and Stericycle relating to the subject matter contained herein, including the Letter Agreement, and shall not be amended other than by the written agreement of Sage and Stericycle.

16. NOTICES. Any notice or other communication in this Agreement to be given by either party to the other must be in writing and may be given by any means which provides evidence of receipt, or by delivering the same in person. Notices may also be served by the use of a facsimile machine with proof of transmission and a copy of the notice, with proof of transmission being sent by regular mail on the date of transmission. Notice shall be deemed received upon making an in-person delivery or upon the date shown on a receipted delivery. For purposes of notice, the addresses of the parties shall be as follows:

Notices to Sage: Mr. Vincent W. Foglia
815 Tek Drive
Crystal Lake, Illinois 60014

Sage Products, Inc.
815 Tek Drive
Crystal Lake, Illinois 60014

Notices to Stericycle: Mr. Mark C. Miller
1419 Lake Cook Road
Suite 410
Deerfield, Illinois 60015

Stericycle, Inc.
1419 Lake Cook Road
Suite 410
Deerfield, Illinois 60015

or to such other addresses as any party may designate for itself by notice given from time to time to the other parties in the manner provided herein.

17. BINDING EFFECT. This Agreement shall be binding on the parties hereto, and their respective successors, assigns, heirs and legal representatives, and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, Sage and Stericycle have executed this Agreement on the day and year first above written.

SAGE PRODUCTS, INC.: STERICYCLE, INC.:

By: /s/ Vincent W. Foglia By: /s/ Mark C. Miller

Its: President 5/6/94 Its: President/CEO

May 6, 1994

FINAL SASPRO EQUIPMENT ESTIMATE
12/28/93

| | October | November | December | January | February | March |
|---|---------|----------|----------|---------|----------|-------|
| [| * | | | | |] |
| [| * | | | | |] |
| [| * | | | | |] |
| [| * | | | | |] |

* Omitted; filed separately with the Commission

PRODUCT SPECIFICATION

Steri-Plastic is a recycled product recovered from post consumer medical waste plastics after treatment by Stericycle's patented ETD process:

Steri-Plastic shall conform to the following proximate specification:

Product Type: Identified as primarily polypropylene by infrared spectrophotometry

Product Size: [*]

Shipping Configuration: Nominal [*] per palletted gaylord

Melt Flow [*]

It is understood that product specifications can change with a recycled product. The above specifications are to be considered as averages and material can from time to time vary; provided that they are still capable of being processed by Sage in an efficient manner and consistent with their quality standards.

* Omitted; filed separately with the Commission

STERICYCLE-SAGE JOINTLY DEVELOPED PROCESS TECHNOLOGY

The SASPRO Technology consists of two (2) sub-technologies.

The first is a dry classifier which provides both size and graduation and Ballistic Classification. The key pieces of equipment are shown at [*]. The equipment is supported with conventional material handling conveyors, a size reduction mill and a dust collection system.

The second is a wet classification and cleaning system which provides for Gravimetric separation, cleaning and drying of the plastic flakes. The equipment is supported with conventional material handling equipment and a steam boiler.

* Omitted; filed separately with the Commission

[LETTERHEAD]

November 27, 1995

This side letter is intended to expand upon our original agreement dated May 6, 1994.

1. Sage agrees to purchase all SASPRO production through [*], in satisfaction of its annual purchase commitment through [*].
2. Stericycle agrees to waive the royalty provision of the contract until such time as the above production has been consumed in the fabrication of finished product by Sage.
3. Sage agrees to participate with Stericycle in funding the direct costs (exclusive of intercompany allocation) of continued operations of the West Memphis facility. Stericycle will bill Sage at [*] not to exceed a maximum of [*]. This provision extends to [*].
4. Sage agrees to pay [*] related directly to the storage of the SASPRO inventory located at the West Memphis facility.
5. Stericycle agrees to extend Sage's exclusivity under this agreement to [*] coincident with provisions of Items 3 and 4. Exclusivity beyond [*] shall be subject to mutually agreeable financial support by Sage of the SASPRO operation.

/s/ Vincent W. Foglia

/s/ Mark C. Miller

11/27/95

Sage Products
Authorized Signature

Stericycle, Inc.
Authorized Signature

* Omitted; filed separately with the Commission

[LETTERHEAD]

June 28, 1996

[*]

Attention: [*]
Director Presidente

INTERIM AGREEMENT

Dear Mr. Fernandes:

In connection with recent discussions between Stericycle, Inc. ("Stericycle") and [*] regarding a proposed comprehensive Agreement for Technical and Industrial Cooperation (the "Definitive Agreement") for the use of Stericycle's proprietary systems and technology for medical waste management in Brazil, we hereby set forth our agreement with respect to short-term cooperation (the "Interim Agreement"), subject to formal approval of the parties' Boards of Directors.

1. INTRODUCTION. Stericycle owns (a) certain proprietary medical waste treatment and recycling technology; (b) certain proprietary know-how respecting operations, sales, marketing and regulatory compliance, (c) certain patents, trademarks, and other proprietary intellectual property, and (d) certain proprietary programs, systems, literature and training methods ((a) - (d) collectively referred to as the "Stericycle Proprietary Rights"). [*] are experienced and knowledgeable engineers, developers and operators in the waste management industry in South America. Stericycle and [*] have reached an Interim Agreement whereby [*] may utilize the Stericycle Proprietary Rights in Sao Paulo and Rio de Janeiro Brazil in order to participate in contract procurement activities.

2. LICENSE. Stericycle shall grant [*] an exclusive license to use Stericycle Proprietary Rights in Sao Paulo and Rio de Janeiro Brazil, including the use of the trademark "Stericycle" during the term of the Interim Agreement. The license shall not include sublicensing rights.

3. TERRITORY. The Interim Agreement grants rights only in Sao Paulo and Rio de Janeiro Brazil. The parties contemplate that the Definitive Agreement, if and when effective, will grant exclusive rights to [*] in Brazil. The parties will discuss in good faith the expansion of the territory to include the countries of Argentina and Chile.

4. TERM. The term of the Interim Agreement shall be for 180 days.

5. DEFINITIVE AGREEMENT. The parties agree to negotiate in good faith the terms and conditions of the Definitive Agreement within 180 days from the date hereof. If no definitive Agreement has been entered into within the aforesaid 180-day period, except for the provisions of paragraph 8 hereof relating to confidentiality which shall continue in effect, (a) this Interim Agreement shall expire and be

* omitted; filed separately with the Commission.

of no further effect, and (b) [*] shall no longer have any license or other rights to the Stericycle Proprietary Rights, and shall return any documents or other embodiment of the information comprising such Stericycle Proprietary Rights to Stericycle. Upon the effectiveness of the Definitive Agreement, Stericycle will commit to provide equipment capable of processing [*] of medical waste per 24 hour day, in a processing facility built in an appropriate [*] supplied building and site for a price not to exceed [*] U.S. net of freight, duties and taxes. [*] shall also pay royalties to Stericycle not to exceed [*] per pound of medical waste. These sums are subject to revision based upon final plant configuration and range of services offered.

6. INTERIM AGREEMENT.

(a) During the terms of this Interim Agreement Stericycle will:

- (i) provide [*] with access to Stericycle Proprietary Rights;
- (ii) provide [*] with executive support, on request, in support of the establishment of the Stericycle concept in Brazil and will reimburse Stericycle for expenses incurred in this regard;
- (iii) provide [*] with facility design, operational cost, data and strategies for Stericycle treatment and recycling technologies;
- (iv) provide [*] and its potential clients access to Stericycle's facilities in the US;
- (v) negotiate exclusively with [*] for medical waste management opportunities in Brazil.

(b) During the term of this Interim Agreement [*] will:

- (i) aggressively pursue medical waste treatment opportunities in the Sao Paulo and Rio de Janeiro market of Brazil;
- (ii) develop a plan for product offerings in these markets utilizing Stericycle's systems and proprietary information; and
- (iii) negotiate exclusively with Stericycle for medical waste management opportunities in Brazil.

7. PAYMENTS. For the activities listed in paragraph 6(a)(i) - (iv) above, [*] will pay Stericycle [*] U.S. In addition, [*] will pay Stericycle [*] U.S. in consideration of Stericycle's commitment in paragraph 6(a)(v) above, to deal exclusively with [*] during the term of this Interim Agreement for medical waste management opportunities in Brazil. Such payments shall be made in four monthly payments of [*] on July 1, 1996; [*] on August 1, 1996; [*] on September 1, 1996; and [*] on October 1, 1996.

* omitted; filed separately with the Commission

8. CONFIDENTIALITY. Stericycle and [*] recognize the highly confidential nature of their respective proprietary information (and in this regard, all information contained in the definition of Stericycle Proprietary Rights shall be proprietary information of Stericycle). Accordingly, Stericycle and [*] for themselves, their affiliates, officers, directors and agents hereby agree that they will hold in confidence, not disclose to others and not use except for purposes of this Interim Agreement and the Definitive Agreement described herein (if and when effective), any and all proprietary information disclosed to it by the other party. The provisions of this paragraph shall not apply to any proprietary information which (a) is or later becomes publicly known under circumstances involving no breach of disagreement by the receiving party; (b) was already known to the receiving party (other than by previous disclosure to the receiving party by the disclosing party) as evidenced by the receiving party's records at the time of receipt of such proprietary information from the disclosing party; or (c) is lawfully made available to the receiving party by a third party. Both parties recognize that money damages alone would not be an adequate remedy for the breach of this confidentiality provision, and therefore agree that, in the event of the breach of this provision by one party, the other party shall be entitled to injunctive relief or its functional equivalent under Brazilian law, prohibiting the breaching party from engaging in any business activities which employ the proprietary information of the other.

9. FORM. The parties may reconsider the form of business relationship and characterization of fees to maximize the benefit of local business and tax laws.

10. DISPUTE RESOLUTION. The parties agree that all disputes arising under this Interim Agreement will be resolved by binding arbitration before the American Arbitration Association using its commercial arbitration rules and applying the substantive laws of the State of Illinois.

Please indicate your agreement to the terms of this Interim Agreement by signing and returning a copy to the undersigned.

Stericycle, Inc.

By: /s/ Anthony J. Tomasello

Anthony J. Tomasello
Vice President, Operations

[*]

By: [*]

Director Presidente

* omitted; filed separately with the Commission

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated March 20, 1996, except for the first paragraph of Note 7, as to which the date is in the Registration Statement on Form S-1 (No. 333-05665) for the registration of 3,450,000 shares of common stock.

Chicago, Illinois
August 15, 1996

The foregoing consent is in the form that will be signed when the reverse stock split, decrease in authorized common stock and redesignation of the Class A and Class B common stock as a like number of shares of common stock all become effective prior to completion of an initial public offering as described in the first paragraph of Note 7 to the financial statements.

ERNST & YOUNG LLP