

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT (AMENDED)

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): October 20, 1998

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

Delaware	0-21229	36-3640402
(State or other juris- diction of incorporation)	(Commission file number)	(IRS employer identification number)

1419 Lake Cook Road, Suite 410
Deerfield, Illinois 60015
(Address of principal executive offices)

Registrant's telephone number, including area code: (847) 945-6550

ITEM 2. Acquisition or Disposition of Assets

On December 31, 1998, Stericycle, Inc. (the "Company") announced that it had purchased a total of 13,929,860 common shares of Med-Tech Environmental Limited ("Med-Tech"), representing approximately 94% of Med-Tech's issued and outstanding shares, and a total of 3,094,559 warrants, representing approximately 56% of Med-Tech's outstanding warrants.

The Company's purchases were pursuant to its amended offers to all holders of Med-Tech shares and to holders of certain series of Med-Tech warrants to purchase Med-Tech shares at the price of Canadian \$0.3225 per share, payable in cash or shares of the Company's common stock at the option of the holder, and to purchase eligible Med-Tech warrants at the price of Canadian \$.025 per warrant, payable in cash. The Company paid a total of approximately U.S. \$2,725,000 in cash and approximately [8,500] shares of the Company's common stock for the Med-Tech shares and warrants that it acquired.

The Med-Tech shares that the Company purchased include the shares that the Company previously reported that it had acquired on October 20, 1998. In accordance with a decision of the Ontario Securities Commission on November 25, 1998, requiring, among other things, that the Company and Browning-Ferris Industries, Inc. amend their then-current offers to Med-Tech shareholders in order to comply with the formal take-over bid requirements of Ontario law, the Company granted the sellers of these shares the right to withdraw their shares or to obtain the same terms of payment as other Med-Tech shareholders.

On December 31, 1998, the Company also announced that the expiration date for its offers to purchase Med-Tech common shares and eligible warrants had been extended to 5:00 p.m. (Toronto time) on January 11, 1999, in order to allow the remaining securityholders of Med-Tech to tender their shares and eligible warrants pursuant to Stericycle's offers.

ITEM 7. Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired

Audited financial statements for Med-Tech, as required by Rule 3-05 of Regulation S-X (17 C.F.R. 210.3-05(b)), are filed with this Report.

The financial statements for Med-Tech filed with this Report, for its fiscal year ended March 31, 1998, are presented in Canadian dollars. On March 31, 1998, the noon buying rate in New York, New York, for cable transfers payable in Canadian dollars, as certified by the Federal Reserve Bank of New York for customs purposes (the "exchange rate"), was Canadian \$1.4180 for U.S. \$1.00. During Med-Tech's fiscal year ended March 31, 1998, the average exchange rate was Canadian \$1.4018 for U.S. \$1.00, the high exchange rate was Canadian \$1.4637 for U.S. \$1.00, and the low

exchange rate was Canadian \$1.3667 for U.S. \$1.00. On December 29, 1998, the exchange rate was Canadian \$1.5520 for U.S. \$1.00.

(b) Pro Forma Financial Information

Pro forma financial information, as required by Article 11 of Regulation S-X, is filed with this Report.

(c) Exhibits

Audited financial statements for Med-Tech are filed as Exhibit 99.1 to this Report.

Pro forma financial information is filed as Exhibit 99.2 to this Report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 4, 1999.

STERICYCLE, INC.

By /s/ Frank J.M. ten Brink

Frank J.M. ten Brink
Vice President, Finance
and Chief Financial Officer

EXHIBIT INDEX

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CONSENT OF INDEPENDENT CHARTERED ACCOUNTANTS

As independent chartered accountants, we hereby consent to the inclusion in this Form 8-K/A of our report dated May 20, 1998, except as to Notes 11(c) and 11(d), which is as of November 16, 1998, on the consolidated financial statements of Med-Tech Environmental Ltd as at and for the years ended March 31, 1998 and 1997, and to all references to our firm included in the Form 8-K/A.

COLLINS BARROW
CHARTERED ACCOUNTANTS

Toronto, Canada
May 20, 1998,
except as to Notes
11(c) and 11(d), which
is as of November 16, 1998

MED-TECH ENVIRONMENTAL LIMITED

MARCH 31, 1998 AND 1997

AUDITORS' REPORT

To the shareholders of Med-Tech Environmental Ltd:

We have audited the consolidated balance sheet of Med-Tech Environmental Ltd as at March 31, 1998 and 1997, and the consolidated statements of income, deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements represent fairly, in all material respects, the financial position of the Company as at March 31, 1998 and 1997 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Without qualifying our opinion, we draw attention to note 1(a) in the financial statements which indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

COLLINS BARROW, CHARTERED ACCOUNTANTS

Toronto, Canada

May 20, 1998

Except as to Notes 11(c) and 11(d) which is as of November 16, 1998

MED-TECH ENVIRONMENTAL LTD
CONSOLIDATED BALANCE SHEET
MARCH 31, 1998

	1998	1997
ASSETS		
Current assets		
Cash	\$ -	\$ 31,375
Accounts receivable	1,965,398	194,595
Other receivables	46,599	-
Subscriptions receivable	-	50,000
Inventory	169,649	5,500
Prepaid expenses	45,693	289,771
	2,227,339	571,241
Capital assets (note 2)	1,400,184	510,070
Other assets (note 3)	8,751,671	955,875
	\$ 12,379,194	\$ 2,037,186
LIABILITIES		
Current liabilities		
Bank indebtedness (note 4)	\$ 1,799,618	\$ -
Accounts payable and accrued liabilities	2,183,460	424,694
Convertible debenture (note 5)	210,000	200,000
Current portion of obligations under capital lease	81,315	-
Current portion of long-term debt	5,752,364	-
	10,026,757	624,694
Obligations under capital leases (note 6)	290,802	-
Long-term debt (note 7)	2,000,000	-
	12,317,559	624,694
SHAREHOLDERS' EQUITY		
Capital stock (note 8)	6,170,429	2,803,389
Deficit	(6,108,794)	(1,390,897)
	61,635	1,412,492
	\$ 12,379,194	\$ 2,037,186

MED-TECH ENVIRONMENTAL LTD
CONSOLIDATED STATEMENT OF DEFICIT
YEAR ENDED MARCH 31, 1998

	1998	1997
Deficit, beginning	\$ (1,390,897)	\$ (891,918)
Net loss	(4,717,897)	(498,979)
Deficit, ending	\$ (6,108,794)	\$ (1,390,897)

MED-TECH ENVIRONMENTAL LTD
CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED MARCH 31, 1998

	1998	1997
Sales	\$ 10,983,298	\$ 392,432
Direct costs	6,920,620	298,397
Gross margin	4,062,678	94,035
Operating expenses		
Amortization	1,068,964	55,925
Bad debts	20,000	-
Interest	1,467,476	722
Financing costs	-	106,822
Office and general	206,269	7,623
Premises costs	449,527	47,281
Professional fees	122,666	182,523
Telephone	126,806	6,479
Wages and benefits	1,525,864	99,727
	4,987,572	507,102
Loss before the following	(924,894)	(413,067)
Laidlaw financing and related costs	(1,148,634)	-
SMS financing and related costs	(1,448,294)	-
Loss from discontinued operations (note 9)	(1,218,373)	-
Gain (loss) on disposal of capital assets	22,298	(85,912)
	(3,793,003)	(85,912)
Net loss	\$ (4,717,897)	\$ (498,979)

MED-TECH ENVIRONMENTAL LTD
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED MARCH 31, 1998

	1998	1997
CASH PROVIDED BY (USED FOR)		
Operating activities		
Net loss	\$ (4,717,897)	\$ (498,979)
Items not affecting cash		
Amortization	1,068,964	55,925
(Gain) loss on disposal of capital assets	(22,298)	85,912
	(3,671,231)	(357,142)
Changes in non-cash working capital items	71,293	(94,385)
	(3,599,938)	(451,527)
Financing activities		
Issue of common shares	3,367,040	864,499
Obligations under capital leases	372,117	-
Increase in long-term debt	8,097,166	-
Repayment of long-term debt	(500,000)	-
Convertible debenture	10,000	200,000
	11,346,323	1,064,499
Investing activity		
Purchase of capital assets	(1,553,690)	(179,658)
Proceeds on disposal of capital assets	16,352	-
Increase in goodwill	(8,040,040)	(479,332)
	(9,577,378)	(658,990)
Decrease in cash	(1,830,993)	(46,018)
Cash, beginning	31,375	77,393
(Bank indebtedness) cash, ending	\$ (1,799,618)	\$ 31,375

1. Significant accounting policies

Basis of presentation

These financial statements are prepared in accordance with generally accepted accounting principles in Canada.

(a) Going concern assumption

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions and events cast substantial assumption upon the validity of this assumption. The Company has incurred significant operating losses in the current year and has a significant working capital deficiency. In addition the Company is in breach of certain financial covenants relating to its bank credit facilities and subordinated debt.

The Company is dependent on the continued support of its banker and subordinated debt holders and is currently renegotiating its financing arrangements as well as seeking alternate equity funding and pursuing the possibility of an outright sale.

These financial statements do not reflect adjustments that would be necessary if the "going concern" assumption were not appropriate because management believes that the actions already taken or planned, as described above, will mitigate the adverse conditions and events which raise doubts about the validity of the "going concern" assumption used in preparing these financial statements.

If the "going concern" assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

(b) Business combination

On April 4, 1997, Med-Tech Environmental Limited ("Med-Tech") acquired all the issued and outstanding capital stock of Laidlaw Medical Services Ltd. ("LMSL") and Med-Tech Environmental Inc., a wholly owned subsidiary of Med-Tech, and acquired all the issued and outstanding capital stock of Laidlaw Medical Services, Inc. (Delaware) ("LMSI"), for \$9,200,000. The purchase price was funded by the issue of the Company's capital stock, term and subordinated convertible term debt. The purchase price was allocated equally between LMSL and LMSI. The acquisition was accounted for by the purchase method.

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BASIS OF PRESENTATION, CONTINUED

(c) Change of name

During the year, the following companies, by way of articles of amendment, changed their names as follows:

From	To
Laidlaw Medical Services Ltd.	Med-Tech Environmental (CDA) Ltd.
Laidlaw Medical Services, Inc.	Med-Tech Environmental (MA) Inc.

(d) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Bio-Med Waste Disposal Systems Ltd., Med-Tech Environmental (CDA) Ltd., Med-Tech Environmental Inc., and Med-Tech Environmental (MA) Inc. All significant intercompany accounts and transactions have been eliminated.

(e) Capital assets are recorded at cost. Amortization is calculated on the following annual rates and methods:

Furniture and fixtures	20% declining balance basis
Computers	30% declining balance basis
Trucks	30% declining balance basis
Equipment	Straight-line over 5 years
Assets under capital leases	30% declining balance basis

Leasehold improvements are amortized on a straight line basis over the term of the lease.

(f) Licenses and goodwill are recorded at cost and amortized on a straight-line basis over a period no greater than 25 years.

(g) Foreign currency translation

Assets and liabilities of integrated foreign subsidiary operations and foreign currency denominated assets and liabilities of Canadian operations are translated into Canadian dollars at exchange rates prevailing at the transaction date for non-monetary items. Revenue and expenses, except amortization, are converted at average exchange rates for the year. Amortization is converted at the same rate as the related assets. Gains or losses on translation are expensed in the year realized or incurred except for the exchange gains or losses on long-term monetary items which are deferred and amortized over the remaining terms of the related items.

MED-TECH ENVIRONMENTAL LTD
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 MARCH 31, 1998

2. CAPITAL ASSETS		1998		1997	
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE	
Furniture and fixtures	\$ 538,199	529,805	\$ 8,394	\$ 11,046	
Computers	117,549	34,057	83,492	28,328	
Trucks	1,958,503	1,605,938	352,565	29,687	
Equipment	1,195,903	814,531	381,372	397,499	
Leasehold improvements	189,338	50,407	138,931	13,395	
Assets under capital leases	508,899	73,469	435,430	30,115	
	\$4,508,391	3,108,207	\$1,400,184	\$ 510,070	

3. OTHER ASSETS		1998		1997	
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE	
Licenses	\$ 214,610	23,350	\$ 191,260	\$ 201,906	
Goodwill	9,011,290	450,879	8,560,411	753,969	
	\$9,225,900	474,229	\$8,751,671	\$ 955,875	

4. BANK INDEBTEDNESS

The bank indebtedness is secured by a registered general security agreement covering all assets and bears interest at the bank's prime rate plus 100 basis points.

5. CONVERTIBLE DEBENTURE		1998		1997	
5% convertible debenture to Oriole Point Investment Inc., a shareholder; interest payable on the 31st day of March in each year commencing March 31, 1998, repayable upon the earlier of: (i) a distribution to the public of securities of the Company and (ii) March 31, 1999. The Company will make mandatory principal prepayments commencing April 30, 1998 to the lesser of 50% of annual free cash flow or \$100,000.					
			\$ 210,000	\$ 200,000	

MED-TECH ENVIRONMENTAL LTD
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 MARCH 31, 1998

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6. OBLIGATIONS UNDER CAPITAL LEASES	1998	1997

Obligations related to leased trucks repayable in monthly instalments of \$5,444 at interest rates ranging from 8%to 12%	\$ 372,117	\$ -
Less current portion	81,315	-
	-----	-----
	\$ 290,802	\$ -
Total payments due in the next 5 years are as follows:		
1999	\$ 81,315	
2000	88,999	
2001	90,355	
2002	56,680	
2003 and thereafter	54,768	

	\$ 372,117	
=====		
7. LONG-TERM DEBT	1998	1997

4.8% monthly (57.6% per annum) promissory note to Oriole Point Investment Inc., a shareholder, due October 6, 1997, interest accrued monthly commencing October 6, 1997.	\$ 105,000	\$ -
25% non-revolving convertible term facility, interest shall be paid monthly at the rate of 12.5% per annum, the balance of 12.5% increases the amount of the debt, due March 31, 1999, secured by a registered general security agreement.	4,647,364	-
Term loan, bearing interest at prime plus 200 basis points, interest payable monthly, repayable in quarterly principal payments of \$250,000 plus 75% of the free cash flow to a maximum of \$1,000,000 prior to March 31, 1998 and \$500,000 every year thereafter, secured by a registered general security agreement.	3,000,000	-
	-----	-----
	7,752,364	-
Less current portion	5,752,364	-
	-----	-----
	\$ 2,000,000	\$ -
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MED-TECH ENVIRONMENTAL LTD
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 MARCH 31, 1998

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7. LONG-TERM DEBT, CONTINUED 1998 1997

At year end the company was in default of certain bank covenants and certain covenants pertaining to the non-revolving convertible term facility and is currently renegotiating its financing arrangements.

Principal payments required in each of the next three years are as follows:

1999	\$ 5,752,364
2000	1,000,000
2001	1,000,000

	\$ 7,752,364

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8. CAPITAL STOCK 1998 1997

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Authorized

Unlimited number of Class "A" common shares

Issued

14,605,000 (1997 9,725,000)

Class "A" common shares \$ 6,170,429 \$2,803,389

During the year the Company entered into the following transactions involving the issuance of capital stock:

- a) The company issued 2,250,000 Class "A" common shares at \$1.00 per share for proceeds of \$2,250,000.
- b) 500,000 First Series Warrants were exercised at \$1.00 per share for 500,000 Class "A" common shares for \$500,000.
- c) 2,000,000 Fourth Series Warrants were exercised at \$0.40 per share for 2,000,000 Class "A" common shares for \$800,000.
- d) 80,000 corporate share purchase options were exercised at \$0.40 each for 80,000 Class "A" common shares for \$32,000.
- e) The Company issued 50,000 Class "A" Common shares at \$0.40 per share for proceeds of \$20,000.
- f) The equity portion of the pro rata share of fees paid to TEGS Capital Corporation on the issue of Class "A" common shares in the amount of \$234,960 was charged as a reduction to capital stock.

MED-TECH ENVIRONMENTAL LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1998

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The Company has the following warrants and options outstanding:

- a) 3,268,062 First Series Warrants each entitling the holder to subscribe for one Class "A" common share at \$100 per share, expiring December 31, 1998.
- b) 500,000 Fourth Series Warrants each entitling the holder to subscribe for one Class "A" common share at \$0.40 per share expiring March 21, 1999.
- c) 600,000 Fifth Series Warrants each entitling the holder to subscribe for one Class "A" common share at \$0.73 per share, expiring March 31, 2000.
- d) 600,000 Sixth Series Warrants each entitling the holder to subscribe for one Class "A" common share at \$1.00 per share, expiring March 31, 2000.
- e) 1,333,333 Retractable Warrants each entitling the holder to subscribe for one Class "A" common share at \$0.40 per share, exercisable from the earlier of March 31, 1999 and the prepayment date until the expiry date, which will be two years from the date the Company becomes a reporting issuer in Ontario and the retractable Warrants and Class "A" common shares issuable on their exercise become freely tradeable for the holder or its nominees.
- f) 280,000 Corporate Share Purchase Options to purchase 280,000 Class "A" common shares at the exercise price of \$0.40 per share, expiring January 23, 2001.
- g) 480,000 Corporate Share Purchase Options to purchase 480,000 Class "A" common shares at the exercise price of \$1.00 per share, expiring November 6, 2002.
- h) 24,000 Corporate Share Purchase Options to purchase 24,000 Class "A" common shares at the exercise price of \$0.40 per share, expiring January 23, 2001.
- i) 260,000 Corporate Share Purchase Options to purchase 260,000 Class "A" common shares at the exercise price of \$1.00 per share, expiring December 31, 2000.
- j) 300,000 Corporate Share Purchase Options to purchase 300,000 Class "A" common shares at the exercise price of \$0.40 per share, expiring March 31, 1999.
- k) 300,000 Corporate Share Purchase Options to purchase 300,000 Class "A" common shares at the exercise price of \$1.00 per share, expiring May 31, 1999.
- l) During the year the 138,277 second series warrants and 553,110 third series warrants expired March 31, 1998 without being exercised.

MED-TECH ENVIRONMENTAL LTD
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 MARCH 31, 1998

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9. LOSS FROM DISCONTINUED OPERATIONS

The Company discontinued its divisions in Etobicoke, Ontario and Gatineau, Quebec. Management has estimated losses related to the discontinued operations and accrued them in these financial statements. Any significant changes to these estimates will be recorded in the period in which they are realized.

10. ACQUISITION

Effective April 4 1997, Med-Tech acquired all the issued and outstanding capital stock of Laidlaw Medical Services Ltd. (Canada) and Med-Tech Environmental Inc., a wholly owned subsidiary of "Med-Tech", acquired all the issued and outstanding capital stock of Laidlaw Medical Services, Inc., (Delaware). Both companies operated a medical waste transportation and disposal business. The acquisition has been accounted for by the purchase method and the results of operations have been consolidated from April 4, 1997.

Current assets	\$ 1,744,901
Capital assets	2,121,706
Goodwill	8,057,321

	\$ 11,923,928
=====	
Current liabilities	\$ 1,390,415
Long term debt	7,500,000
Class "A" common shares	3,033,513

	\$ 11,923,928
=====	

11. COMMITMENTS AND CONTINGENCY

- (a) The Company leases operating premises in Brampton, Ontario, St. Catharines, Quebec, Calgary, Alberta and Haverhill, Massachusetts. The minimum annual rentals for the balance of these leases amounts to \$244,057.
- (b) The Company has provided the Ministry of the Environment of Ontario with bonds for approximately \$136,000 as required by provincial statute.
- (c) The Ministry of the Environment of Ontario and the Massachusetts Department of Environmental Protection have several non-compliance and related charges outstanding. It is not possible at this time to determine the amount, if any, of any fines or damages that may be levied as a result of these non-compliance issues. Any fines or damages incurred as a result of these concerns will be charged to operations in the year they are incurred. Management does not believe that fines levied will be in excess of \$15,000 in total.
- (d) As at May 20, 1998 several of the Company's legal counsels had not yet responded to our audit legal enquiry. As at November 16, 1998 the last of the outstanding legal enquiries was received and note 11(c) was amended accordingly.

MED-TECH ENVIRONMENTAL LTD
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 MARCH 31, 1998

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10. COMMITMENTS AND CONTINGENCY, CONTINUED

(e) Under the terms of the purchase and sale agreement as described in note 1(b) between Allied Waste Industries Inc. ("Allied"), Med-Tech, LMSL and LMSI, Med-Tech has an obligation to obtain a release of Allied's guarantee on the lease at 139-141 Ferry Road, Haverhill, Massachusetts. To date, this obligation to obtain a release has not yet been fulfilled.

(f) The Company agreed to issue to 1176698 Ontario Limited or its nominees Warrants (the "Unrestricted Warrants") entitling the holder to purchase 2,000,000 Class "A" common shares at an exercise price of \$1.00 per share, subject to adjustments. The expiry date of the Unrestricted Warrants will be two years from the date the Company became a reporting issuer and the Unrestricted Warrants and Class "A" common shares issuable on their exercise become freely tradeable for 1176698 Ontario Limited or its nominees.

12. TAX BENEFITS AVAILABLE

These financial statements do not reflect potential tax benefits available through the application of losses carried forward against future years' earnings otherwise subject to income taxes. These losses expire approximately as follows:

1999	\$	1,347,000
2000		3,319,000
2001		2,198,000
2002		1,247,000
2003		410,000
2004		1,122,000

	\$	9,643,000
=====		

13. RELATED PARTY TRANSACTIONS

During the year the Company incurred the following related party transactions with certain corporate directors, officers and professional firms of these certain directors and officers.

Professional services expenses	\$	454,035
Commissions		266,000
Management and consulting services expenses		36,598
Interest		39,264

At March 31, 1998, \$319,150 remains outstanding and is included in accounts payable.

Management is of the opinion that these transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

MED-TECH ENVIRONMENTAL LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1998

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14. RISK MANAGEMENT AND FAIR VALUES

Financial risk is the risk to Med-Tech's earnings that arise from fluctuations in interest rates and foreign exchange rates and the degree of volatility of these rates. Med-Tech does not use derivative instruments to reduce its exposure to interest and foreign exchange risk. The book value of Med-Tech's financial assets and liabilities approximate amounts for which instruments could be exchanged in a transaction between knowledgeable and willing parties based on public market information.

STERICYCLE, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma consolidated financial statements of the Company present the unaudited pro forma consolidated statements of operations for the year ended December 31, 1997 and the nine months ended September 30, 1998 and the unaudited pro forma consolidated balance sheet at September 30, 1998. The unaudited pro forma consolidated statement of operations for the year ended December 31, 1997 gives pro forma effect to the Company's acquisition of the outstanding common stock and junior secured indebtedness of Med-Tech Environmental Limited ("Med-Tech") as if such transactions had occurred on January 1, 1997. The unaudited pro forma consolidated statement of operations for the nine months ended September 30, 1998 gives pro forma effect to the acquisition of the outstanding common stock and junior secured indebtedness of Med-Tech as if such transactions occurred on January 1, 1998. The unaudited pro forma consolidated balance sheet gives pro forma effect to the acquisition of the outstanding common stock and junior secured indebtedness of Med-Tech as if such transactions occurred on September 30, 1998. The unaudited pro forma consolidated financial statements presented herein are based on the assumptions and adjustments described herein and in the accompanying notes. The unaudited pro forma consolidated statements of operations do not purport to represent what the Company's results of operations would have been if the events described above had occurred as of the dates indicated or what such results will be for any future periods. The unaudited pro forma consolidated financial statements are based on assumptions and adjustments that the Company believes are reasonable. The unaudited pro forma consolidated financial statements and the accompanying notes should be read in conjunction with the Company's historical financial statements, including the notes thereto, included in its Annual Report on Form 10-K for the year ended December 31, 1997 and in its Current Report on Form 10-Q for the quarter ended September 30, 1998, as filed with the Securities and Exchange Commission, and Med-Tech's historical financial statements, including the notes thereto, for the years ended March 31, 1998 and 1997, which are included elsewhere in this Report.

STERICYCLE, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1997
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	HISTORICAL		PRO FORMA ADJUST- MENTS (2)	PRO FORMA
	COMPANY	MED-TECH (1)		
Revenues.....	\$ 46,166	\$ 7,835	-	\$ 54,001
Costs and expenses:				
Costs of revenues.....	34,109	4,937	-	39,046
Selling, general and administrative expenses.....	10,671	2,511	121 (2)	13,303
Write-off of financing and related costs.....	-	1,853	(820) (3)	1,033
Loss from shut-down of operations.....	-	869	-	869
Total costs and expenses.....	44,780	10,170	(699)	54,251
Income (loss) from operations	1,386	(2,335)	699	(250)
Other income (expense):				
Interest income.....	618	-	-	618
Interest expense.....	(428)	(1,047)	412 (4)	(1,062)
Other income (expense).....	-	16	-	16
Total other income (expense).....	190	(1,031)	412	(428)
Income (loss) before income taxes.....	1,576	(3,366)	1,111	(679)
Income tax expense.....	146	-	-	146
Net income (loss).....	\$ 1,430	\$ (3,366)	\$ 1,111	\$ (825)
Weighted average shares outstanding-basic.....	10,580		45 (5)	10,626
Basic net income (loss) per share.....	\$ 0.14			\$ (0.08)
Weighted average number of common shares and common shares and common stock equivalent shares outstanding.....	11,234		45 (5)	11,279
Diluted net income (loss) per share.....	\$ 0.13			\$ (0.07)

(1) The statement of operations data for Med-Tech for the year ended December 31, 1997 represent the historical results of operations of Med-Tech for its fiscal year ended March 31, 1998 and have been converted to U.S. dollars using the average exchange rate of Canadian \$1.4018 for U.S. \$1.00 for the fiscal year ended March 31, 1998. The acquisition of Med-Tech has been accounted for as a purchase. Accordingly, the results of operations of Med-Tech will be included in the Company's results of operations from the date of acquisition. See the financial statements of Med-Tech appearing elsewhere in this Report.

- (2) The adjustment to selling, general and administrative expenses consists of an increase in amortization of goodwill of \$113,000 from the acquisition of Med-Tech over a 25-year period, as if Med-Tech had been acquired on January 1, 1997, and includes the effects of increased amortization of goodwill of \$8,000 resulting from differences in accounting principles generally accepted in Canada and the United States, as discussed in Note (3).
- (3) The historical statement of operations of Med-Tech for the year ended March 31, 1998 include certain legal and financing costs incurred to complete and obtain financing for its acquisition on April 4, 1997 of Laidlaw Medical Services, Ltd. and Laidlaw Medical Services, Inc. (together, "Laidlaw"). Under accounting principles generally accepted in Canada, these costs have been expensed as incurred in the statement of operations for the year ended March 31, 1998. For accounting principles generally accepted in the United States and for purposes of this pro forma consolidated statement of operations, these costs have been deferred and are being amortized on a straight-line basis over 25 years for the legal fees and over the life of the related loan agreement for the financing costs.
- (4) The adjustment to interest expense reflects the following: (a) additional interest, net of reduced commitment fees, of \$442,000 that would have been incurred had the Company borrowed the \$5,530,000 required to fund the acquisition of the common stock and junior secured indebtedness of Med-Tech under its credit agreement with LaSalle National Bank, N.A. on January 1, 1997 at an interest rate of 8.25% in effect on the related credit facility; (b) reduced interest expense of \$894,000 that would not have been incurred had the Company purchased on January 1, 1997 the junior secured indebtedness of Med-Tech with a face value of \$3,576,000 and interest rate of 25%; and (c) increased amortization of deferred financing costs of \$39,000 from January 1, 1997 resulting from differences in accounting principles generally accepted in Canada and the United States, as discussed in Note (3).
- (5) Shares used in the computation of pro forma basic net income (loss) per share and pro forma diluted net income (loss) per share give effect to the issuance of 45,440 shares of Common Stock by the Company as consideration for the purchase of the common stock and the junior secured indebtedness of Med-Tech, assuming that such shares were issued on January 1, 1997.

STERICYCLE, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
 NINE MONTHS ENDED SEPTEMBER 30, 1998
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	HISTORICAL		PRO FORMA ADJUST- MENTS	PRO FORMA
	COMPANY	MED-TECH (1)		
Revenues	\$ 44,759	\$ 5,985	--	\$ 50,744
Costs and expenses:				
Costs of revenues	30,492	4,283	--	34,775
Selling, general and administrative expenses	10,151	1,799	91 (2)	12,021
Total costs and expenses	40,643	6,082	91	46,796
Income (loss) from operations	4,116	(78)	(91)	3,947
Other income (expense):				
Interest income	308	--	--	308
Interest expense	(242)	(834)	309 (3)	(767)
Other income (expense)	20	(53)	--	(33)
Total other income (expense)	86	(888)	309	(492)
Income (loss) before income taxes	4,202	(965)	218	3,455
Income tax expense	781	--	--	781
Net income	\$ 3,421	\$ (965)	\$ 218	\$ 2,674
Weighted average shares outstanding--basic	10,580		45 (4)	10,625
Basic net income per share	\$ 0.32			\$ 0.25
Weighted average number of common shares and common stock equivalent shares outstanding	11,234		45 (4)	11,279
Diluted net income per share	\$ 0.30			\$ 0.24

(1) The statement of operations data for Med-Tech for the nine months ended September 30, 1998 represent the historical results of operations of Med-Tech from January 1, 1998 through September 30, 1998 and have been converted to U.S. dollars using the average exchange rate of Canadian \$1.4692 for U.S. \$1.00 for the period from January 1, 1998 to September 30, 1998. The acquisition of Med-Tech has been accounted for as a purchase. Accordingly, the results of operations of Med-Tech will be included in the Company's results of operations from the date of acquisition.

(2) The adjustment to selling, general and administrative expenses consists of an increase in amortization of goodwill of \$85,000 from the acquisition of Med-Tech over a 25-year period, as if Med-Tech had been acquired on January 1, 1998, and includes the effects of increased amortization of goodwill of \$6,000 resulting from differences in accounting principles generally accepted in Canada and the United States, as discussed in Note (3) to the unaudited pro forma consolidated statement of operations for the

year ended December 31, 1997.

- (3) The adjustment to interest expense reflects the following: (a) additional interest, net of reduced commitment fees, of \$332,000 that would have been incurred had the Company borrowed the \$5,530,000 required to fund the acquisition of the common stock and junior secured indebtedness of Med-Tech under its credit agreement with LaSalle National Bank, N.A. on January 1, 1998 at an interest rate of 8.25% on the related credit facility; (b) reduced interest expense of \$671,000 that would not have been incurred had the Company purchased on January 1, 1998 the junior secured indebtedness of Med-Tech with a face value of \$3,576,000 and interest rate of 25%; and (c) increased amortization of deferred financing costs of \$29,000 from January 1, 1997 resulting from differences in accounting principles generally accepted in Canada and the United States, as discussed in Note (3) to the unaudited pro forma consolidated statement of operations for the year ended December 31, 1997.
- (4) Shares used in the computation of pro forma basic net income (loss) per share and pro forma diluted net income (loss) per share give effect to the issuance of 45,440 shares of Common Stock by the Company as consideration for the purchase of the common stock and the junior secured indebtedness of Med-Tech, assuming that such shares were issued on January 1, 1998.

STERICYCLE, INC. AND SUBSIDIARIES
 UNAUDITED PROFORMA CONSOLIDATED BALANCE SHEET
 September 30, 1998
 (in thousands)

	HISTORICAL		PRO FORMA	
	-----		ADJUST-	
	COMPANY	MED-TECH (1)	MENTS	PRO FORMA
	-----		-----	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 775	\$ --	\$ (160)	\$ 615
Short-term investments	2,335	--	--	2,335
Accounts receivable, net	10,902	1,542	--	12,444
Parts and supplies	1,037	109	--	1,146
Prepaid expenses	528	180	--	708
Other	2,087	--	--	2,087
	-----	-----	-----	-----
Total current assets	17,664	1,831	(160)	19,355
Property, plant and equipment, net ..	12,043	971	--	13,014
Goodwill, net	36,796	5,515	2,836	45,147
Other	1,680	341	--	2,021
	-----	-----	-----	-----
Total assets	\$68,163	\$8,659	\$2,676	\$79,518
	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current portion of long-term debt ..	\$ 6,281	\$7,167	\$1,954	\$15,402
Accounts payable and accrued liabilities	7,422	1,491	--	8,913
Deferred revenue	663	--	--	663
	-----	-----	-----	-----
Total current liabilities	\$14,366	\$8,659	\$1,954	\$24,979
Long-term debt	3,246	--	--	3,246
Other liabilities	21	--	--	21
Shareholders' equity (deficit):				
Common stock	107	4,043	(3,975)	175
Additional paid-in capital	85,087	--	722	86,079
Notes receivable	(4)	--	--	(4)
Accumulated deficit	(34,640)	(4,043)	3,976	(34,707)
	-----	-----	-----	-----
Total shareholders' equity	50,550	--	722	51,272
	-----	-----	-----	-----
Total liabilities and shareholders' equity	\$68,183	\$8,659	\$2,676	\$79,518
	=====	=====	=====	=====

- (1) The historical balance sheet data for Med-Tech has been converted to U.S. dollars using an exchange rate of Canadian \$1.5262 for U.S. \$1.00 effective as of September 30, 1998.
- (2) Reflects the allocation of the purchase price of the acquisition of the common stock and junior secured indebtedness of Med-Tech to the underlying fair value of the net assets acquired and the issuance of 45,440 shares of the Company's Common Stock, and incremental borrowings of \$5,530,000 under the Company's credit facility with LaSalle National Bank, N.A., to fund the purchase price. The allocation of the purchase price is preliminary. The Company is in the process of determining the fair value of the acquired property, plant and equipment, but does not expect the final adjustments to the purchase price allocation to be material.