

STERICYCLE INC
Form DEF 14A
April 13, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

STERICYCLE
(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

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(3) Filing Party:

(4) Date Filed:

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NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 24, 2011

Dear Stockholder:

You are cordially invited to attend our 2011 Annual Meeting of Stockholders (the Annual Meeting) to be held on Tuesday, May 24, 2011 at 11:00 a.m. Chicago time, at the DoubleTree Hotel Chicago O'Hare Airport-Rosemont, 5460 North River Road, Rosemont, Illinois 60018.

At the Annual Meeting, you will be asked to consider and vote on the following matters:

the election to the Board of the nine nominees for director named in this proxy statement,

approval of our 2011 Incentive Stock Plan, under which stock options, stock appreciation rights, shares of restricted stock and restricted stock units may be awarded for up to a total of 3,000,000 shares of our common stock,

ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011,

a non-binding advisory resolution to approve the compensation of our named executive officers as disclosed in this proxy statement (sometimes referred to as the say-on-pay vote),

a non-binding advisory resolution to recommend the frequency of a say-on-pay vote (every one, two or three years), and

any other matter that properly comes before the meeting.

Only stockholders of record at the close of business on the record date of March 25, 2011 are entitled to vote at the Annual Meeting.

Admission to the Annual Meeting is by an admissions card. If you plan to attend the meeting in person, please complete and return the Admission Request Form on the back cover of this proxy statement and an admissions card will be mailed to you. If you are the beneficial owner of shares held in street name, you must also provide confirmation of your stock ownership with your Admission Request Form. All Admission Request Forms must be received by May 17, 2011. An admissions card is not transferable. If you need directions to the meeting, please call

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Investor Relations at (800) 643-0240 ext. 2012.

For the convenience of our stockholders of record who do not plan to attend the Annual Meeting in person but who want their shares voted, we have enclosed a proxy card. If you do not plan to attend the Annual Meeting, please complete and return the proxy card in the envelope provided. If you return your proxy card and later decide to attend the Annual Meeting in person, or if for any other reason you want to revoke your proxy, you may do so at any time before your proxy is voted.

For the Board of Directors

Mark C. Miller
Chairman of the Board and Chief Executive Officer

Jack W. Schuler
Lead Director

April 13, 2011

Lake Forest, Illinois

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28161 North Keith Drive

Lake Forest, Illinois 60045

PROXY STATEMENT

2011 Annual Meeting of Stockholders

To Be Held on May 24, 2011

In this Proxy Statement, we, us, our and the Company all refer to Stericycle, Inc.

GENERAL INFORMATION

Why did I receive this proxy statement and other materials?

The Board of Directors of Stericycle, Inc. is soliciting proxies to vote shares of our stock at the 2011 Annual Meeting of Stockholders (the Annual Meeting) to be held on Tuesday, May 24, 2011 at 11:00 a.m. Chicago time, at the DoubleTree Hotel Chicago O'Hare Airport-Rosemont, 5460 North River Road, Rosemont, Illinois 60018.

This proxy statement and our annual report to stockholders (which includes a copy of our Annual Report on Form 10-K for the year ended December 31, 2010), were first made available to stockholders on April 13, 2011. Although both are made available together, our annual report to stockholders is not part of this proxy statement.

What will stockholders vote on at the Annual Meeting?

Stockholders will vote on following matters at the Annual Meeting:

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the election to the Board of the nine nominees for director named in this proxy statement (Item 1),

approval of our 2011 Incentive Stock Plan, under which stock options, stock appreciation rights, shares of restricted stock and restricted stock units may be awarded for up to a total of 3,000,000 shares of our common stock (Item 2)

ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011 (Item 3),

a non-binding advisory resolution to approve the compensation of our named executive officers as disclosed in this proxy statement (sometimes referred to as the "say-on-pay" vote) (Item 4),

a non-binding advisory resolution to recommend the frequency of a say-on-pay vote (every one, two or three years) (Item 5), and

any other matter that properly comes before the meeting.

What are the Board's voting recommendations?

The Board recommends that you vote your shares:

FOR each of the nine nominees for election to the Board (Item 1),

FOR approval of our 2011 Incentive Stock Plan (Item 2),

FOR ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011 (Item 3),

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FOR the resolution to approve the compensation of our named executive officers as disclosed in this proxy statement (Item 4), and

FOR EVERY THREE YEARS as the frequency recommended by the resolution to recommend the frequency of a say-on-pay vote (Item 5).

Who may vote at the Annual Meeting?

Only stockholders of record as of the close of business on March 25, 2011 are entitled to vote at the Annual Meeting. Each outstanding share of common stock as of the record date is entitled to one vote on all matters that come before the meeting. There is no cumulative voting.

As of the record date of March 25, 2011, there were 85,678,621 shares of our common stock issued and outstanding.

Why did I receive only a one-page notice in the mail regarding the Internet availability of proxy materials instead of receiving a full set of printed proxy materials?

In accordance with the notice and access rules of the U.S. Securities and Exchange Commission (SEC), we have elected to provide access to our proxy materials, including this proxy statement and our annual report to stockholders, over the Internet and mailed our stockholders a Notice of Internet Availability of Proxy Materials on or about April 13, 2011. This notice contains instructions how to access our proxy materials over the Internet, how to request a printed or electronic copy of these materials and how to vote by Internet, telephone or mail.

The Notice of Internet Availability of Proxy Materials is not a proxy card and cannot be used to vote your shares.

What is the difference between a stockholder of record and a beneficial owner of shares held in street name?

If your shares are registered directly in your name with our stock registrar and transfer agent, Wells Fargo Shareowner Services, you are considered the stockholder of record for those shares and have the right to vote those shares directly. You may vote in person at the Annual Meeting or by proxy.

If your shares are held in an account at a brokerage firm, bank or other nominee (for convenient reference, a broker), you are considered the beneficial owner of those shares, which are said to be held in street name, and the broker is considered the stockholder of record for voting purposes. As the beneficial owner you cannot vote the shares in your account directly, but you have the right to instruct the broker how to vote them.

As a beneficial owner, you are invited to attend the Annual Meeting, but because you are not a stockholder of record, you may not vote your shares at the Annual Meeting unless you obtain a valid proxy from your broker.

If I am a stockholder of record, how do I vote?

You may vote in several ways. You may vote in person at the Annual Meeting, or you may vote by proxy over the Internet or by telephone by following the instructions provided in the Notice of Internet Availability of Proxy Materials.

In addition, if you request copies of our proxy materials in printed form, you may vote by completing and signing the proxy card included in the materials and returning it in the postage-paid envelope provided.

If I am a beneficial owner of shares held in street name, how do I instruct my broker how to vote?

If you are a beneficial owner of our stock, the Notice of Internet Availability of Proxy Materials was forwarded to you by your broker. You may instruct your broker how to vote over the Internet or by telephone by following the instructions provided in the Notice.

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In addition, if you request copies of our proxy materials in printed form, you may instruct your broker how to vote by completing and signing the voting instruction card included in the materials and returning it in the postage-paid envelope provided.

What happens if I am a stockholder of record and sign and return the proxy card but do not make any voting choices?

The proxy holders (the persons named as proxies) will vote your shares in accordance with the Board's voting recommendations for Items 1, 2, 3, 4 and 5. See "What are the Board's voting recommendations?" above.

We do not expect that any other matters will properly come before the Annual Meeting. If, however, any other matters do come before the meeting, the proxy holders will vote your shares in accordance with their judgment.

What happens if I am a beneficial owner of shares held in street name and do not give voting instructions to my broker?

Under the stock exchange and other rules governing brokers who are voting shares held in street name, brokers have authority to vote those shares in their discretion on routine matters but may not vote those shares on non-routine matters.

A broker non-vote occurs when your broker returns a proxy card for your shares held in street name but does not vote on a particular matter because (i) the broker has not received voting instructions from you and (ii) the broker does not have authority to vote on the matter without instructions because the matter is of a non-routine nature.

Which items to be voted on at the Annual Meeting are routine and which are non-routine ?

The ratification of the appointment of our independent registered public accounting firm (Item 3) is considered a routine matter under the relevant rules. All of the other items to be voted on (Items 1, 2, 4 and 5) are considered non-routine matters.

What is the quorum required for the Annual Meeting?

Holders of a majority of our outstanding shares entitled to vote at the Annual Meeting who are present in person or represented by proxy will constitute a quorum to conduct business at the meeting.

If you are a stockholder of record and vote your shares by proxy, your shares will be counted for purposes of determining whether a quorum is present even if your voting choice is to abstain. Similarly, if you are a beneficial owner of shares held in street name and do not give voting instructions to your broker, your shares will be counted for purposes of determining whether a quorum is present if your broker votes your shares

on any routine matter.

What are my choices in voting on the matters to be voted on at the Annual Meeting?

On Item 1 (the election of directors), you may vote For or Against each individual nominee or Abstain from voting on the nominee s election.

On Item 2 (approval of our 2011 Incentive Stock Plan), Item 3 (ratification of the appointment of our independent registered public accounting firm) and Item 4 (the say-on-pay vote), you may vote For or Against the proposal or Abstain from voting on the proposal.

On Item 5 (the frequency of a say-on-pay vote), you may vote for Every Year, Every Two Years or Every Three Years, or you may Abstain from voting on the proposal.

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What are the voting requirements to approve the matters to be voted on at the Annual Meeting?

Item 1 (election of directors): Each nominee for election as a director must receive more For votes than Against votes in order to be elected as a director. Abstentions and broker non-votes will not have any effect on the voting.

Item 2 (approval of our 2011 Incentive Stock Plan): This proposal requires for approval the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote. Abstentions and broker non-votes will have the same effect as a vote Against.

Item 3 (ratification of the appointment of our independent registered public accounting firm): This proposal requires for approval the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote. Abstentions and broker non-votes will have the same effect as a vote Against.

Item 4 (the say-on-pay vote): This proposal requires for approval the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote. Abstentions and broker non-votes will have the same effect as a vote Against.

Item 5 (the frequency of a say-on-pay vote): The frequency recommended under this proposal will be the frequency with the highest number of votes cast by stockholders present in person or represented by proxy, entitled to vote and voting. Abstentions and broker non-votes will not have any effect on the voting.

Can I change my vote after I have voted?

If you are a stockholder of record, you may change your vote by voting again over the Internet or by telephone (before those voting facilities are closed at 11:59 p.m. Eastern time on May 23, 2011) or by returning a new, properly completed proxy card bearing a later date than the date of your original proxy card. In addition, you may revoke your proxy by attending the Annual Meeting in person and requesting to vote. Attendance at the meeting in person will not, by itself, revoke your proxy. You may also revoke your proxy any time before the final vote at the Annual Meeting by filing a signed notice of revocation with the Secretary of the Company at 28161 North Keith Drive, Lake Forest, Illinois 60045.

If you are a beneficial owner of shares held in street name, you may submit new voting instructions to your broker over the Internet or by telephone (before those voting facilities are closed at 11:59 p.m. Eastern time on May 23, 2011).

How can I find out the voting results of the Annual Meeting?

The preliminary voting results will be announced at the Annual Meeting. The final voting results will be tallied by the inspector of elections and reported in a current report on Form 8-K which we will file with the SEC within four business days following the Annual Meeting.

Who is paying for the cost of this proxy solicitation?

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We will bear the cost of this proxy solicitation. Some of our officers and employees may solicit proxies by personal conversations, telephone, regular mail or email telephone, but they will not receive any additional compensation for doing so. We will reimburse brokers and others for their reasonable charges and expenses in forwarding our proxy materials to stockholders who are beneficial owners of shares of our stock.

How can I attend the Annual Meeting?

We encourage our stockholders to attend the Annual Meeting. Admission to the meeting is by an admissions card. If you plan to attend the meeting in person, please complete and return the Admission Request Form on the

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back cover of this proxy statement and an admissions card will be mailed to you. If you are the beneficial owner of shares held in street name, you must also provide confirmation of your stock ownership with your Admission Request Form (for example, by providing a copy of a brokerage firm statement).

All Admission Request Forms must be received by May 17, 2011. An admissions card is not transferable and will admit only the stockholder or stockholders to whom it was issued. If you need directions to the meeting, please call Investor Relations at (800) 643-0240 ext. 2012.

Table of Contents**STOCK OWNERSHIP****Stock Ownership by Directors and Officers**

The following table provides information about the beneficial ownership of shares of our common stock as of March 25, 2011 by (1) each of our directors, (2) each of our executive officers listed in the Summary Compensation Table on page 21 and (3) all of our directors and executive officers as a group:

	<u>Amount and Nature of Beneficial Ownership(1)</u>	<u>Percent of Class(2)</u>
Directors (and nominees)		
Mark C. Miller(3)(4)	1,549,001	1.8%
Jack W. Schuler(3)	2,239,324	2.6%
Thomas D. Brown	24,822	*
Rod F. Dammeyer(3)	122,085	*
William K. Hall	54,198	*
Jonathan T. Lord, M.D.	70,448	*
John Patience(3)	352,244	*
James W.P. Reid-Anderson	7,325	*
Ronald G. Spaeth	19,822	*
Officers		
Frank J.M. ten Brink(3)	254,162	*
Richard T. Kogler	169,110	*
Michael J. Collins	94,304	*
Richard L. Foss(5)	306,903	*
All directors and executive officers as a group (13 persons)	5,263,748	6.2%

* Less than 1%.

- (1) This column includes shares of common stock issuable upon the exercise of stock options exercisable as of or within 60 days after March 25, 2011. These shares are held as follows: Mr. Miller, 633,171 shares; Mr. Schuler, 14,138 shares; Mr. Brown, 24,822 shares; Mr. Dammeyer, 65,225 shares; Mr. Hall, 50,198 shares; Dr. Lord, 66,448 shares; Mr. Patience, 62,282 shares; Mr. Reid-Anderson, 7,325 shares; Mr. Spaeth, 19,822 shares; Mr. ten Brink, 174,993 shares; Mr. Kogler, 152,643 shares; Mr. Collins, 87,500 shares; and Mr. Foss, 304,867 shares.
- (2) Shares of common stock issuable under stock options exercisable as of or within 60 days after March 25, 2011 are considered outstanding for purposes of computing the percentage of the person holding the option but are not considered outstanding for purposes of computing the percentage of any other person.
- (3) The shares shown as beneficially owned by Mr. Miller include 399,741 shares owned by a limited liability company of which Mr. Miller and his wife are the two managers, and Mr. Miller, trusts for his benefit and trusts for the benefit of his sons are the seven members. Mr. Miller disclaims any beneficial ownership of the interest in the limited liability company held by the trusts for his sons. The shares shown as beneficially owned by Mr. Schuler include 367,300 shares owned by a trust for his benefit and 45,640 shares owned by his wife, regarding the latter of which Mr. Schuler disclaims any beneficial ownership. The shares shown as beneficially owned by Mr. Dammeyer include 5,400 shares owned by his wife, regarding which Mr. Dammeyer disclaims any beneficial ownership. The shares shown as beneficially owned by Mr. Patience include 1,000 shares owned by his wife, regarding which Mr. Patience disclaims any beneficial

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ownership. The shares shown as beneficially owned by Mr. ten Brink include 350 shares owned by his wife, regarding which Mr. ten Brink disclaims any beneficial ownership.

- (4) Mr. Miller, who is Chairman of the Board of Directors, is also our Chief Executive Officer.
- (5) Under a reorganization of the management of our international operations, Mr. Foss's position was eliminated, and he left the Company on December 31, 2010.

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The following table provides information about the beneficial ownership of our common stock by each person who was known to us to be the beneficial owner as of the record date (March 25, 2011) of more than 5% of our outstanding common stock:

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership(1)</u>	<u>Percent of Class</u>
Capital World Investors(1) 333 South Hope Street Los Angeles, California 90071	8,629,000	10.1%
FMR LLC(2) 82 Devonshire Street Boston, Massachusetts 02109	5,568,394	6.5%
The Vanguard Group, Inc.(3) 100 Vanguard Boulevard Malvern, Pennsylvania 19355	4,293,875	5.0%

- (1) The shares shown as beneficially owned are derived from the Schedule 13G (Amendment No. 2) that Capital World Investors filed with the U.S. Securities and Exchange Commission on February 14, 2011.
- (2) The shares shown as beneficially owned are derived from the Schedule 13G that FMR LLC filed with the U.S. Securities and Exchange Commission on February 14, 2011.
- (3) The shares shown as beneficially owned are derived from the Schedule 13G that The Vanguard Group, Inc. filed with the U.S. Securities and Exchange Commission on February 9, 2011.

Table of Contents**Item 1****ELECTION OF DIRECTORS**

Our Board of Directors is composed of nine directors. With the exception of Mark C. Miller, our Chairman of the Board and Chief Executive Officer, all of our directors are outside directors (i.e., directors who are neither officers nor employees of ours). The Board has determined that all of our outside directors are independent under the applicable listing standards of the NASDAQ Global Select Market.

Each director elected at the Annual Meeting will hold office until our annual meeting of stockholders in 2012 or until his successor is elected and qualified.

All nine nominees for election as directors are incumbent directors. The election of directors is uncontested.

Voting in Uncontested Director Elections

Under an amendment to our bylaws that our Board of Directors adopted in March 2011, a nominee for election as a director must receive a majority of the votes cast in order to be elected as a director in an uncontested election (an election in which the number of nominees for election is the same as the number of directors to be elected). In other words, the nominee must receive more for votes than against votes, with abstentions and broker non-votes not having any effect on the voting.

If a nominee for election as a director is an incumbent director and the nominee is not re-elected, Delaware law provides that the director continues to serve as a holdover director until his successor is elected and qualified or until he resigns. Under our amended bylaws, an incumbent director who is not re-elected is required to tender his resignation as a director. Our Nominating and Governance Committee will review the circumstances and recommend to the Board whether to accept or reject the director's resignation or take any other action. The Board is required to act on this recommendation and publicly disclose its decision and the rationale behind its decision within 90 days from the date that the election results are certified.

Nominees for Director

The following table provides information about the nominees for election as directors.

<u>Nominee</u>	<u>Position with the Company</u>	<u>Age</u>
Mark C. Miller	Chairman of the Board of Directors and Chief Executive Officer	55
Jack W. Schuler	Lead Director	70
Thomas D. Brown	Director	63

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Rod F. Dammeyer	Director	70
William K. Hall	Director	67
Jonathan T. Lord, M.D.	Director	56
John Patience	Director	63
James W.P. Reid-Anderson	Director	52
Ronald G. Spaeth	Director	67

Mark C. Miller has served as our Chief Executive Officer and a director since joining us in May 1992. (He also served as our President until January 2010, when he ceased to use the title.) He became Chairman of the Board of Directors in August 2008. From May 1989 until joining us, Mr. Miller served as vice president for the Pacific, Asia and Africa in the international division of Abbott Laboratories, a diversified health care company, which he joined in 1976 and where he held a number of management and marketing positions. Mr. Miller formerly served as a director of Ventana Medical Systems, Inc., a developer and supplier of automated diagnostic systems. He received a B.S. degree in computer science from Purdue University, where he graduated Phi Beta Kappa. Mr. Miller was selected by Morningstar, Inc. as its 2009 CEO of the Year.

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Jack W. Schuler has served as the Lead Director of our Board of Directors since August 2008 and served as our Chairman of the Board from January 1990 until becoming Lead Director. From January 1987 to August 1989 he served as president and chief operating officer of Abbott Laboratories, a diversified health care company, where he served as a director from April 1985 to August 1989. Mr. Schuler serves as a director of Medtronic, Inc., a medical technology company, and Quidel Corporation, a developer and manufacturer of point-of-care diagnostic tests, and formerly served as chairman of the board of directors of Ventana Medical Systems, Inc., and as a director of Amgen Incorporated, Chiron Corporation, Elan Corporation, plc, and ICOS Corporation. He is a co-founder of Crabtree Partners LLC, a private investment firm in Lake Forest, Illinois, and is a trustee of Carleton College. Mr. Schuler received a B.S. degree in mechanical engineering from Tufts University and a M.B.A. degree from the Stanford University Graduate School of Business Administration.

Thomas D. Brown has served as a director since May 2008. From 1974 until his retirement in 2002, Mr. Brown held various sales, marketing and management positions at Abbott Laboratories, where he served as a senior vice president and president of the diagnostics division from 1998 to 2002 and as corporate vice president for worldwide commercial operations from 1993 to 1998. He is a director of Quidel Corporation and Cepheid, a molecular diagnostics company, and formerly served as a director of Ventana Medical Systems, Inc. Mr. Brown received a B.A. degree from the State University of New York at Buffalo.

Rod F. Dammeyer has served as a director since January 1998. He is the president of CAC, llc, a private company providing capital investment and management advisory services, and is the former vice chairman of Anixter International, where he served from 1985 until February 2001, and the former managing partner of corporate investments of Equity Group Investments, L.L.C., where he served from 1995 until June 2000. Mr. Dammeyer serves as a director of Quidel Corporation, a developer and manufacturer of point-of-care diagnostic tests, and as an independent trustee of various Invesco Van Kampen mutual funds, and formerly served as a director of GATX Corporation and a director of The Scripps Research Institute. Mr. Dammeyer received a B.S. degree in accounting from Kent State University.

William K. Hall has served as a director since August 2006. He is a private equity investor who served from 2000 to 2009 as chairman of the board and chief executive officer of Procyon Technologies, Inc., a privately-owned holding company. From 1994 to 2000, Mr. Hall was chairman and chief executive officer of Falcon Building Products, Inc., a manufacturer and distributor of residential and commercial construction and home improvement products. He serves as a director of Actuant Corporation, a diversified industrial products manufacturer, A.M. Castle & Co., a specialty metals and plastics distributor, and W.W. Grainger, a supplier of facilities maintenance products, and as a trustee of the Rush University Medical Center, and formerly served as a director of Great Plains Energy Incorporated, GenCorp, Inc. and Woodhead Industries, Inc. Mr. Hall received a B.S.E. degree in aeronautical engineering, a M.S. degree in mathematical statistics, and M.B.A. and Ph.D. degrees in business from the University of Michigan.

Jonathan T. Lord, M.D. has served as a director since August 2004. He has served as a director of Dexcom, Inc., a developer of glucose sensing technologies, since May 2008 and since May 2010 has served as its chairman of the board. From May 2009 to January 2010, he served as president and chief executive officer of Navigenics, Inc., a privately-held personal genomics testing company. Prior to joining Navigenics, Inc., Dr. Lord was chief innovation officer/senior vice president at Humana Inc., a health benefits company, which he joined in April 2000. From October 1999 to April 2000, he served as president of Health Dialog Services Corporation, a health information provider, and from April 1997 to October 1999, he served as chief operating officer of the American Hospital Association, a national organization representing hospitals, health care networks and their patients. He serves as a director of Dexcom, Inc., a developer of glucose sensing technologies, and formerly served as a director of Neurometrix, Inc. Dr. Lord received a B.S. degree in chemistry and a M.D. degree from the University of Miami.

John Patience has served as a director since our incorporation in March 1989. He is a co-founder and partner of Crabtree Partners LLC, a private investment firm in Lake Forest, Illinois, which was formed in June 1995. He formerly served as a director and vice chairman of the board of directors of Ventana Medical

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Systems, Inc., a public company prior to its being acquired in January 2008. From January 1988 to March 1995, he was a general partner in a venture capital firm which he co-founded and which led our pre-IPO funding. He was previously a partner in the consulting firm of McKinsey & Company, specializing in health care. Mr. Patience received B.A. and LL.B. degrees from the University of Sydney in Sydney, Australia, and a M.B.A. degree from the Wharton School of Business of the University of Pennsylvania.

James W.P. Reid-Anderson has served as a director since November 2009. He has served as the chairman of the board, president and chief executive officer of Six Flags Entertainment Corporation, a regional theme park operator, since August 2010. From January 2010 to August 2010 he served as a healthcare adviser to Apollo Management, L.P., a private equity investment firm. From November 2007 to March 2010 Mr. Reid-Anderson served in various executive and advisory roles with Siemens AG, a worldwide manufacturer and supplier of electronics and electrical engineering in the industrial, energy and healthcare sectors, following the acquisition by Siemens AG of Dade Behring Holdings, Inc., a manufacturer and distributor of in vitro diagnostics products and services to clinical laboratories, which Mr. Reid-Anderson joined in August 1996 and where he served as chairman of the board, president and chief executive officer. Mr. Reid-Anderson is a fellow of the Association of Chartered Certified Accountants and received a BCom (Hons) commerce degree from the University of Birmingham (in the United Kingdom).

Ronald G. Spaeth has served as a director since May 2008. He served as president of Evanston Northwestern Healthcare Foundation from 2002 to 2007 and as the president and chief executive officer of Highland Park (Illinois) Hospital from 1983 to 2002. He serves as a director of several private companies. Mr. Spaeth was formerly a director of Cole Taylor Bank and a member of the board of commissioners of the Joint Commission on the Accreditation of Healthcare Organizations, a member of the board of trustees of the American Hospital Association, chairman of the board of trustees of the Illinois Hospital Association and chairman of the board of governors of the American College of Healthcare Executives. He received a B.S. degree from Case Western Reserve University and a M.B.A. degree from the University of Chicago Graduate School of Business.

Director Qualifications

We believe that our nine directors continue to possess the experience, qualifications and skills that warranted their initial election as directors. Our directors have in common, among other qualities, a breadth of business experience, seasoned judgment and an insistence on looking beyond the next quarter or the next year in directing and supporting our management. From their service on the boards of other public and private companies, our directors also bring to us the insights that they gain from the operating policies, governance structures and growth dynamics of these other companies.

Our directors individually bring to the Board a wide range of experience, backgrounds and knowledge. Among other things that each of our directors brings: Mr. Miller brings a wealth of knowledge of our industry; Mr. Schuler brings experience managing the operations of a multinational healthcare company and knowledge of the dynamics of the healthcare industry; Mr. Brown brings experience managing the operations of a multinational diagnostics business; Mr. Dammeyer brings experience in a very wide range of businesses; Mr. Hall brings experience in developing, managing and expanding global manufacturing companies; Dr. Lord brings an understanding of healthcare delivery systems; Mr. Patience brings experience with public and private healthcare companies; Mr. Reid-Anderson brings experience with multinational companies; and Mr. Spaeth brings a knowledge of healthcare delivery systems.

Committees of the Board

Our Board of Directors has standing Compensation, Audit and Nominating and Governance Committees. All of the members of each committee are outside directors who are independent under the applicable listing standards of the NASDAQ Global Select Market.

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Compensation Committee

The Compensation Committee makes recommendations to the Board of Directors concerning the base salaries and cash bonuses of our executive officers and reviews our employee compensation policies generally. The Committee also administers our stock option plans as they apply to our executive officers. In addition, the Committee periodically reviews our compensation practices to evaluate whether they pose enterprise or other risks to us.

Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities relating to the integrity of our financial statements, the qualifications and experience of our independent accountants, the performance of our internal audit function and our independent accountants, and our compliance with legal and regulatory requirements.

The Audit Committee reviews our risk management policies and practices and reports any significant issues to the Board. Matters of risk management are brought to the Committee's attention by our Executive Vice President and Chief Financial Officer, who fills the functional role of our chief risk officer, or by our chief regulatory compliance officer or our principal internal auditor, who focuses on potential weaknesses that could result in a failure of an internal control process. Our management reviews and reports on potential areas of risk at the Committee's request or at the request of other members of the Board.

Nominating and Governance Committee

The Nominating and Governance Committee identifies and evaluates possible nominees for election to the Board of Directors and recommends to the Board a slate of nominees for election at the annual meeting of stockholders. The Committee also recommends to the Board director assignments to the Board's committees. In addition, the Committee develops, recommends to the Board and oversees the implementation of our corporate governance policies and practices.

The Committee considers a variety of factors in evaluating a candidate for selection as a nominee for election as a director. These factors include the candidate's personal qualities, including, in particular, the candidate's probity, independence of judgment and analytical skills, and the candidate's professional experience, educational background, knowledge of our business and healthcare services generally, and experience serving on the boards of other public companies. While we do not currently have a formal diversity policy in connection with the selection of candidates as nominees for election as directors, the Board seeks directors who bring to the Board a mix of backgrounds and experiences that will enhance the quality of the Board's deliberations and decisions. The Committee has not established any minimum qualifications that a candidate must possess. In determining whether to recommend an incumbent director for re-election, the Committee also considers the director's preparation for and participation in meetings of the Board of Directors and the committee or committees of the Board on which the director serves.

In identifying potential candidates for selection in the future as nominees for election as directors, the Committee relies on suggestions and recommendations from the other directors, management, stockholders and others and, when appropriate, may retain a search firm for assistance. The Committee will consider candidates proposed by stockholders and will evaluate any candidate proposed by a stockholder on the same basis that it evaluates any other candidate. Any stockholder who wants to propose a candidate should submit a written recommendation to the

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Committee indicating the candidate's qualifications and other relevant biographical information and providing preliminary confirmation that the candidate would be willing to serve as a director. See Communications with the Board.

Committee Charters

The charters of the Compensation, Audit and Nominating and Governance Committees are available on our website, www.stericycle.com.

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The following table provides information about the membership of the committees of the Board of Directors during 2010:

<u>Director</u>	<u>Compensation Committee</u>	<u>Audit Committee</u>	<u>Nominating and Governance Committee</u>
Jack W. Schuler		X	X*
Thomas D. Brown		X	
Rod F. Dammeyer(1)		X*	X
William K. Hall	X		
Jonathan T. Lord, M.D.	X*		X
John Patience		X	X
James W.P. Reid-Anderson	X		
Ronald G. Spaeth	X		

* Chairman of committee

- (1) The Board of Directors has determined that Mr. Dammeyer, the Chairman of the Audit Committee, is an audit committee financial expert as described in the applicable rules of the U.S. Securities and Exchange Commission.

Our Board of Directors held four meetings in person or by teleconference during 2010 and acted without a formal meeting on a number of occasions by the unanimous written consent of the directors. The Audit Committee held eight meetings in person or by teleconference during the year. The Compensation Committee held one meeting by teleconference during the year, and the Nominating and Governance Committee held one meeting in person during the year.

All of our directors attended in person or participated by teleconference in all of the meetings of the Board of Directors during 2010. All of the members of the Audit, Compensation and Nominating and Governance Committees attended in person or participated by teleconference in all of the meetings of those committees during the year, with the exception that two members of the Audit Committee each missed one meeting.

We encourage our directors to attend the annual meeting of stockholders. All of the nominees for election as directors attended the 2010 Annual Meeting of Stockholders, and we anticipate that all of our directors will attend this year's Annual Meeting.

Lead Director

We amended our bylaws in August 2008 to require the Board of Directors to appoint one of our outside directors as the Lead Director if and when our president and chief executive, or any other officer or employee, is serving as the Chairman of the Board. The Lead Director is required to be independent under the listing standards of the NASDAQ Global Select Market, and serves at the Board's pleasure until the next election of directors by the stockholders.

Working with the Chairman of the Board, the Lead Director is responsible for coordinating the scheduling and agenda of board meetings and the preparation and distribution of agenda materials. The Lead Director presides when the Board meets in executive session or in the absence of the Chairman of the Board and may call special meetings of the Board when he considers appropriate. In general, the Lead Director oversees the scope, quality and timeliness of the flow of information from our management to the board and serves as an independent point of contact for stockholders wishing to communicate with the Board other through the Chairman of the Board.

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In August 2008, our Chairman of the Board, Jack W. Schuler, resigned as Chairman after serving for more than 18 years, and our Board appointed him as our Lead Director and appointed our President and Chief Executive Officer, Mark C. Miller, who had served in these positions for more than 16 years, to the additional position of Chairman of the Board. The Board made these changes to give formal recognition to Mr. Miller and to acknowledge the way in which the roles played by Messrs. Schuler and Miller had evolved over time.

Corporate Governance

Executive Sessions of the Board

Our Board of Directors excuses Mr. Miller, our Chairman of the Board and Chief Executive Officer, as well as any of our other executive officers who may be present by invitation, from a portion of each meeting of the Board in order to allow the Board, with our Lead Director presiding, to review Mr. Miller's performance as Chief Executive Officer and to enable each director to raise any matter of interest or concern without the presence of management.

Board Evaluation

Our directors annually review the performance of the Board of Directors and its committees and the performance of their fellow directors by completing confidential evaluation forms that are returned to Mr. Schuler as the Chairman of the Nominating and Governance Committee. At a subsequent meeting of the Board, Mr. Schuler leads a discussion with the full Board of any issues and suggestions for improvement identified in his review of these evaluation forms.

Policy on Related Party Transactions

The Board of Directors has adopted a written policy requiring certain transactions with related parties to be approved in advance by the Audit Committee. For purposes of this policy, a related party includes any director or executive officer or an immediate family member of any director or executive officer. The transactions subject to review include any transaction, arrangement or relationship (or any series of similar transactions, arrangements and relationships) in which (i) we or one of our subsidiaries will be a participant, (ii) the aggregate amount involved exceeds \$100,000 and (iii) a related party will have a direct or indirect interest. In reviewing proposed transactions with related parties, the Audit Committee will consider the benefits to us of the proposed transaction, the potential effect of the proposed transaction on the director's independence (if the related party is a director), and the terms of the proposed transaction and whether those terms are comparable to the terms available to an unrelated third party or to employees generally. There were no transactions during 2010 that required the Audit Committee's approval.

Succession Planning

The Board of Directors annually reviews and approves our succession planning for our Chief Executive Officer, our other executive officers and a number of other officers.

Required Resignation on Change in Job Responsibilities

By informal agreement, the Board of Directors has adopted a policy that a director must tender his resignation if the director's principal occupation or business association changes substantially from the position that he held when originally elected to the Board. The Nominating and Governance Committee will then review the circumstances of the director's new position or retirement and recommend to the full Board whether to accept or reject the director's resignation in light of the contribution that he can be expected to continue to make to the Board.

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Communications with the Board

Stockholders who would like to communicate with the Board may do so by writing to the Board of Directors, Stericycle, Inc., 28161 North Keith Drive, Lake Forest, Illinois 60045. Communications relating to matters within the scope of the Board's responsibilities will be forwarded to the Chairman of the Board and at his direction to the other directors, and communications relating to ordinary day-to-day business matters that are not within the scope of the Board's responsibilities will be forwarded to the appropriate officer or executive. Communications addressed to the Lead Director will be forwarded to him and at his direction to the other directors, and communications addressed to a particular committee of the Board will be forwarded to the chairman of that committee and at his direction to the other members of the committee.

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AUDIT COMMITTEE REPORT

Under the Audit Committee's charter, the Audit Committee of the Board of Directors assists the Board in fulfilling its oversight responsibilities relating to the integrity of the Company's financial statements, the qualifications and experience of the Company's independent registered public accounting firm, the performance of the Company's internal audit function and independent registered public accounting firm, and the Company's compliance with applicable legal and regulatory requirements. The Committee's charter is available on the Company's website, www.stericycle.com. The current members of the Committee, who served during 2010, are Messrs. Dammeyer (Chairman), Brown, Patience and Schuler.

In regard to our role, we note that it is the responsibility of the Company's management to prepare financial statements in accordance with accounting principles generally accepted in the United States, and that it is the responsibility of the Company's independent registered public accounting firm to audit those financial statements. The Committee's responsibility is one of oversight, and we do not provide expert or other special assurance regarding the Company's financial statements or the quality of the audits performed by the Company's independent public accountants.

In carrying out our oversight responsibility, we review and discuss with both management and Ernst & Young LLP, the Company's independent registered public accounting firm, all quarterly and annual financial statements prior to their issuance. We reviewed and discussed with both management and Ernst & Young LLP the quarterly and annual financial statements for the fiscal year ended December 31, 2010. Our reviews and discussions with Ernst & Young LLP included executive sessions without the presence of the Company's management. They also included discussions of the matters required to be discussed pursuant to Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended (AICPA, *Professional Standards*, vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, including the quality of the Company's accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the Company's financial statements. We also discussed with Ernst & Young LLP matters relating to their independence, including a review of their audit and non-audit fees and the letter and written disclosures that the Committee received from Ernst & Young LLP pursuant to Rule 3526 of the Public Company Accounting Oversight Board, *Communications with Audit Committees Concerning Independence*.

In addition, we continued to monitor the scope and adequacy of the Company's internal controls, including staffing levels and requirements, and we reviewed programs and initiatives to strengthen the effectiveness of the Company's internal controls and steps taken to implement recommended improvements.

On the basis of these reviews and discussions, we recommended to the Board of Directors that the Board approve the inclusion of the Company's audited financial statements in the Company's annual report on Form 10-K for the year ended December 31, 2010 for filing with the U.S. Securities and Exchange Commission.

Audit Committee

Rod F. Dammeyer, Chairman

Thomas D. Brown

John Patience

Jack W. Schuler

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COMPENSATION DISCUSSION AND ANALYSIS

Overview

Compensation Philosophy. Our compensation program for executive officers has three objectives:

to attract, motivate and retain highly qualified executive officers

to make a substantial portion of their compensation dependent on the Company's attainment of a measurable Company-wide performance target and

to structure most of their compensation so that they benefit only if all of our stockholders benefit

Our compensation program is straightforward and has remained essentially unchanged in design for more than 15 years. The program consists of cash compensation and long-term incentive compensation. Cash compensation is paid in the form of a base salary and a performance bonus, and long-term incentive compensation is paid in the form of stock options.

Performance-Oriented. Our compensation program is performance-oriented. We favor (i) cash performance bonuses and (ii) stock options vesting in 20% annual increments over five years as the principal components of our executive officers' compensation. We believe that these components provide strong incentives to our executive officers to continue to improve our operating performance and thereby create value for all of our stockholders. Performance bonuses and stock options represented 85.1% of our executive officers' compensation during 2010 and 79.1% and 81.0% during 2008 and 2009, respectively.

During 2008-2010, our total stockholder return, as measured by the change in the closing price of a share of our common stock on December 31, increased 5.9% from 2008 to 2009 (going from \$52.08 to \$55.17) and 46.7% from 2009 to 2010 (going from \$55.17 to \$80.92). During this period, our publicly disclosed non-GAAP earnings per diluted share (our earnings per diluted share determined in accordance with U.S. generally accepted accounting principles, adjusted for acquisition-related expenses, restructuring costs and other items), increased 21.3% from 2008 to 2009 (going from \$1.73 to \$2.09) and 20.3% from 2009 to 2010 (going from \$2.09 to \$2.52).

During these same three years, the total compensation of our Chairman of the Board and Chief Executive Officer, Mark C. Miller, as shown on the Summary Compensation Table on page 21, increased 19.7% from 2008 to 2009 (going from \$1,996,357 to \$2,389,954) and 58.7% from 2009 to 2010 (going from \$2,389,954 to \$3,793,851). The average of the total compensation of the other named executive officers increased 6.0% from 2008 to 2009 (going from \$932,062 to \$988,280) and 25.5% from 2009 to 2010 (going from \$988,280 to \$1,240,483).

Compensation Committee. Compensation decisions for our executive officers are made by the Compensation Committee of our Board of Directors. All of the Committee's members are independent under the applicable NASDAQ listing standards. The Committee's decisions relating to base salaries and bonuses are subject to the review and approval of the full Board; the Committee's decisions relating to stock options are reviewed by the full Board but are not subject to its approval.

Compensation Guidelines. The Compensation Committee takes into account a number of factors in setting the base salaries and bonus percentages of our executive officers and determining the stock options to be granted to them. Principal among these factors are two guidelines: (i) providing our executive officers with total potential cash compensation at the 50th percentile shown on an informal survey of executive officer compensation at 18 other public companies providing waste management, healthcare, chemical treatment, storage and related business services and (ii) providing our principal executive officers (our chief executive officer, chief operating officer and chief financial officer) with long-term incentive compensation at the 75th percentile shown on this survey for their positions, in both cases adjusting the amounts shown on the survey by a 3% annual inflation rate.

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The companies surveyed consisted of ABM Industries, Inc., Allied Waste Industries, Inc., Brink's Company, Charles River Laboratories International, Inc., Chemed Corporation, ChoicePoint, Cintas Corporation, Clean Harbors, Connections Corporation of America, Covanta Holding Corporation, Cross Country Healthcare, Inc., Equifax, Inc., Healthcare Services Group, Inc., InVentiv Health, Inc., Iron Mountain Incorporated, Republic Services, Inc., ServiceMaster and Waste Connections, Inc.

Base Salaries. During 2010, Mr. Miller's base salary was unchanged from his base salary of \$305,964 set in 2008. The base salaries of the other named executive officers, which were unchanged in 2009, were raised in 2010 to \$270,000 for Messrs. ten Brink and Kogler and to \$240,000 for Messrs. Collins and Foss.

Performance Bonuses. Our performance bonus program is intended to provide a short-term cash incentive to our executive officers. Each executive officer is eligible for a cash bonus equal to a specified percentage of his base salary. For 2010, the bonus percentages of our named executive officers were 125% for Mr. Miller, 85% for Messrs. ten Brink and Kogler, and 75% for Messrs. Collins and Foss. Using EBITDA (earnings before interest, taxes, depreciation and amortization) as the performance metric, the Compensation Committee sets target levels each year on the basis of the EBITDA shown in our final operating plan and budget for the year as approved by our Board of Directors, subject to any adjustments that the Compensation Committee considers appropriate to refine EBITDA as an internal measure of our operating performance. These target levels provide for potential performance bonuses increasing linearly from the 100% level (a performance bonus equal to the specified percentage of the executive officer's base salary) to the 150% level (a performance bonus equal to 150% of the specified percentage of the executive officer's base salary).

For 2010, our target EBITDA for the payment of performance bonuses at the 100% level was \$407.7 million (compared to \$357.8 million for 2009), and our target EBITDA for payment of performance bonuses at the maximum 150% level was \$415.7 million (compared to \$365.8 million for 2009). Our actual EBITDA for the year for purposes of the performance bonus program was \$440.4 million (the sum of income from operations of \$370.7 million plus \$53.9 million of depreciation and amortization plus \$15.8 million of acquisition-related expenses, restructuring costs and other items that the Compensation Committee did not consider part of our day-to-day operations).

Our executive officers accordingly received performance bonuses for 2010, paid in February 2011, equal to 150% of the bonus percentages of their base salaries. The performance bonuses for Messrs. Miller, ten Brink, Kogler, Collins and Foss were \$573,683, \$344,250, \$344,250, \$252,000, and \$252,000, respectively.

Stock Option Grants. We use stock options as the major component of the compensation of our executive officers because of the performance incentives that stock options provide. Our stock options are always granted at the closing price of our stock on the date of the grant, and thus the value to our executive officers of their stock options depends entirely on the subsequent growth in value of our stock. The executive officers' stock options accordingly provide an incentive for sustained levels of superior performance that contribute to our overall success as reflected in the market price of our stock, to the benefit not just of our executive officers but all of our stockholders.

At the Compensation Committee's meeting in February 2010, the Committee determined the annual stock option grants to our executive officers and to our employees generally taking into account (i) our operating performance, (ii) prior stock option grants, (iii) stock option grants and compensation practices at other companies with which members of the compensation committee were familiar and (iv) the goal of limiting stock option grants to executive officers and employees generally to no more than 10% of our fully-diluted shares over a trailing five-year period, thus averaging dilution of no more than 2% a year).

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The Committee adjusted the stock option grants to Messrs. Miller, ten Brink and Kogler on the basis of the long-term incentive compensation guideline previously described. In this regard, Committee considered the positions of chief financial officer and chief operating officer to be of equal value and used the average of the long-term incentive compensation for these positions at the 75th percentile in determining the stock options granted to Messrs. ten Brink and Kogler.

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The Committee granted options for a total of 430,000 shares to our executive officers as follows: Mr. Miller, 220,000 shares (in two grants of 200,000 and 20,000 shares, respectively); Messrs. ten Brink and Kogler, each 75,000 shares; and Messrs. Collins and Foss, each 30,000 shares.

Bonus Conversion Program. We maintain a bonus conversion program for our executive officers and other management employees allowing them to convert all or a portion of their performance bonuses into stock options. The program is intended to enable our executive officers and other participants to trade current compensation for the possibility of greater rewards in the future if our stock continues to perform well.

All of our named executive officers participated in this program in respect of their performance bonuses for 2010 payable in February 2011. Mr. Miller elected to forgo his entire performance bonus and received instead an option for 36,081 shares, Mr. ten Brink elected to forgo \$68,850 of his performance bonus and received instead an option for 4,330 shares, Mr. Kogler similarly elected to forgo \$68,850 of his performance bonus and received instead an option for 4,330 shares, Mr. Collins elected to forgo \$50,400 of his performance bonus and received instead an option for 3,170 shares and Mr. Foss elected to forgo his entire performance bonus and received instead an option for 15,849 shares.

Types of Compensation Not Provided. We believe that an understanding of our compensation program for executive officers is enhanced by noting some of the types of compensation or benefits that we do *not* provide:

we do not maintain any retirement, supplemental retirement or deferred compensation plan for our executive officers (aside from an employee stock purchase plan and a conventional 401(k) plan in which virtually all U.S. employees are eligible to participate)

while awards of restricted stock and restricted stock units are authorized under our 2005 and 2008 stock option plans, we have never made any awards of restricted stock or RSUs to our executive officers

we have not entered into any agreement or adopted any plan providing for severance benefits or salary continuation payments to any of our executive officers in the event of a change of control or termination of employment

we do not provide any perquisites or personal benefits to any of our executive officers

Compensation Decisions

In addition to the two guidelines previously described (see Executive Summary Compensation Guidelines, on page 15), the Compensation Committee takes into account a number of other factors in setting the base salaries and bonus percentages of our executive officers and determining the stock options to be granted to them. The Committee's decisions are made with a view to reaching an overall result that, in the Committee's subjective judgment, is appropriate and fair to the particular executive officer, both in absolute terms and relative to the compensation of the other executive officers, and fair as well to us and to our stockholders. The Committee does not reach this result in a mechanical fashion but, rather, considers each executive officer's role and contribution to our performance, the officer's compensation history and the compensation practices at other companies with which members of the Committee are familiar.

Compensation decisions are made annually at the regular meeting of the Compensation Committee during the first quarter of year, typically in February, when the results of our prior year's performance are available internally and can be taken into account by the Committee in determining the executive officers' performance bonuses for the prior year and their base salaries and bonus percentages for the current year. The

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Committee believes that incentives are likely to have a greater effect on performance the sooner they are communicated and accordingly determines bonus percentages and annual option grants as early in the year as practicable. The Committee's decisions are made without regard to our anticipated earnings or other announcements.

Our Chairman and Chief Executive Officer makes recommendations to the Committee regarding the compensation of the other executive officers, but management does not otherwise participate in the Committee's decisions.

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Base Salaries

In February 2011, the Compensation Committee increased the base salaries of each of our executive officers by 3%, raising the base salary of Mr. Miller to \$315,143, raising the base salaries of Messrs. ten Brink and Kogler to \$278,100 and raising the base salary of Mr. Collins to \$247,200. The Committee also raised the base salary of Charlie Alutto, Executive Vice President and President, Stericycle USA, who became an executive officer in February 2011, to \$278,100.

Performance Bonuses

Under our performance bonus program, if we fail to attain our target EBITDA for payment of performance bonuses at the 100% level, our executive officers are not assured of any bonuses. In these circumstances, the Compensation Committee may decide in its discretion either that no performance bonuses are warranted or that it would be appropriate to award on the basis of individual merit cash bonuses of some order of magnitude smaller than the performance bonuses that would have been paid if we had attained our target EBITDA for payment of performance bonuses at the 100% level.

In February 2011, the Compensation Committee left the bonus percentages for 2011 of Messrs. Miller, ten Brink, Kogler and Collins unchanged at 125%, 85%, 85% and 70%, respectively, and set the bonus percentage of Mr. Alutto at 75%.

Stock Options

The exercise price per share of an option granted under one of our stock option plans may not be less than the closing price of a share of our common stock on the date of the option grant. The maximum term of an option may not exceed 10 years, and an option may be exercised only when it is vested and only while the executive officer or other employee remains an employee of ours and for a limited period following the termination of his or her employment.

Options granted to executive officers and employees generally vest over five years at the rate of one-fifth of the option shares on each of the first five anniversaries of the option grant date. (As noted below, options granted under our bonus conversion program are immediately vested.) Options also become exercisable upon the option holder's death or upon a change in control.

We currently have two stock option plans under which new stock options may be granted: (i) the 2008 Incentive Stock Plan, which our stockholders approved in May 2008, and (ii) the 2005 Incentive Stock Plan, which our stockholders approved in April 2005. There are also stock options outstanding under our 2000 Nonstatutory Stock Option Plan, which expired in February 2010, our 1997 Stock Option Plan, which expired in January 2007, and our 1995 Incentive Compensation Plan, which expired in July 2005.

As of December 31, 2010, there were 2,120,072 shares available for future option grants under the 2008 plan and 140,865 shares were available for future option grants under the 2005 plan.

In February 2011, the Committee determined the annual stock option grants to our executive officers and to our employees generally. The Committee granted options for a total of 337,810 shares to our executive officers as follows: Mr. Miller, 159,150 shares; Messrs. ten Brink and Kogler, each 59,850 shares; Mr. Collins, 27,070 shares; and Mr. Alutto, 31,890 shares.

Bonus Conversion Program

Under our bonus conversion program, a participant may irrevocably elect in advance of any bonus award to forego some portion or all of any performance bonus otherwise payable to him and receive instead an immediately vested nonstatutory stock option under one of our stock option plans at an exercise price per share equal to the closing price of a share of our common stock on the bonus award date.

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The number of shares for which an option is granted is determined by dividing (i) a specified multiple of the amount of the cash bonus that the participant elected to forego by (ii) the average closing price of our common stock during the year for which the bonus is payable. Our Board of Directors has fixed the multiple at four for 2010 and 2011.

Employee Stock Purchase Plan

We maintain an employee stock purchase plan (the "ESPP"), which our stockholders approved in May 2001. The ESPP authorizes 600,000 shares of our common stock to be purchased by qualifying employees at a 15% discount from the market price of the stock through payroll deductions during two six-month offerings each year. A qualifying employee who elects to participate in an offering is granted an option on the first day of the offering for a number of shares equal to the employee's payroll deductions under the ESPP during the offering period (which may not exceed \$5,000) divided by the option price per share. The option price per share is the lower of 85% of the closing price of a share of our common stock on the first trading day of the offering period or 85% of the closing price on the last trading day of the offering period.

Each employee of Stericycle, Inc. or of a U.S. subsidiary of ours who has completed six months' employment as of the first day of an offering and who is a full-time employee, or a part-time employee who customarily works at least 20 hours per week, is eligible to participate in the offering.

During 2010, Messrs. Miller, Collins and Foss each purchased 196 shares under the ESPP, Mr. ten Brink purchased 154 shares and Mr. Kogler purchased 48 shares.

401(k) Plan

We maintain a 401(k) plan in which employees who have completed 90 days' employment are eligible to participate. We have discretion under the plan to make matching contributions of a percentage of the participants' own contributions to the plan as the Board of Directors determines each year. For 2010, we made a matching contribution of 50% of each participant's contributions to the plan, up to a maximum matching contribution of \$1,750. We made the maximum matching contribution for each of our named executive officers.

Retirement Plans and Deferred Compensation Arrangements

Aside from our ESPP and 401(k) plan, we do not maintain any other qualified plans (for example, a qualified defined benefit or a money purchase pension plan), and we have not adopted any nonqualified retirement or deferred compensation plan or arrangement.

Retiree Medical Benefits

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In February 2009, we adopted a supplement to our self-insured medical plan to allow eligible employees to continue to participate in the plan following retirement, with the same coverage and benefits as active employees, at an actuarially determined cost to the retired employee equivalent to the cost of coverage of an active employee for the type of coverage selected. Eligible employees are management employees at or above the specified grade level (thus including our executive officers), who are age 50 or older, who have worked for us for at least 10 years, and the sum of whose age plus his or her years of service is 65 or more.

Perquisites and Personal Benefits

We do not provide any perquisites or personal benefits to our executive officers.

Employment Agreements

We have not entered into written employment agreements with any of our executive officers. All of our executive officers have entered into confidentiality, nonsolicitation and noncompetition agreements with us.

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Termination and Change-in-Control Payments

We have not entered into salary continuation, severance or similar agreements or arrangements with any of our executive officers. We have no contractual or other obligation to provide severance benefits or other payments in the event of a change in control or termination of employment. (In this regard, however, we note that all of our stock option plans provide for the full vesting upon a change in control of all unvested options held by our employees, including our executive officers.)

Stock Ownership Requirements

All of our executive officers are required to hold a minimum position in our stock. An executive officer with less than five years service as an executive officer must have a position equal to three times his base salary, and an executive officer with five or more years of service must have a position equal to five times his base salary.

An executive officer's stock ownership position is measured by the value of our common stock that he owns directly and indirectly and the in-the-money value of the vested and unvested stock options that he holds. An executive officer who does not satisfy the applicable minimum stock ownership requirement may not sell any shares of our stock, with the exception that the officer may engage in a cashless exercise of an option and sell a number of shares sufficient to pay the exercise price of the option shares and the related withholding taxes. An executive officer who satisfies the applicable minimum stock ownership requirement may not sell any shares if, as a result, he would then violate the applicable minimum stock ownership requirement.

All of our executive officers (with the exception of Mr. Alutto, who only became an executive officer in February 2011) satisfy the applicable minimum stock ownership requirement.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with the Company's management. Based on this review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee

Jonathan T. Lord, M.D., Chairman

William K. Hall

James W.P. Reid-Anderson

Ronald G. Spaeth

Table of Contents**SUMMARY COMPENSATION TABLE**

The following table provides information about the compensation paid or earned during the period 2008-2010 by our principal executive officer, principal financial officer and three most highly compensated other executive officers (the named executive officers):

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u> <u>(\$)</u>	<u>Bonus(1)</u> <u>(\$)</u>	<u>Option</u> <u>Awards(2)</u> <u>(\$)</u>	<u>All</u> <u>Other</u> <u>Compensation(3)</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Mark C. Miller(4) Chairman of the Board and Chief Executive Officer	2010	\$ 305,964	\$ 573,683	\$ 2,906,424	\$ 7,780	\$ 3,793,851
	2009	305,964	533,759	1,548,481	1,750	2,389,954
	2008	303,702	569,441	1,121,714	1,500	1,996,357
Frank J.M. ten Brink(5) Executive Vice President and Chief Financial Officer	2010	\$ 259,401	\$ 344,250	\$ 991,439	\$ 1,750	\$ 1,596,840
	2009	229,473	238,416	680,393	1,508	1,149,790
	2008	227,776	256,248	514,669	1,500	1,000,193
Richard T. Kogler(6) Executive Vice President and Chief Operating Officer	2010	\$ 259,401	\$ 344,250	\$ 991,439	\$ 1,750	\$ 1,596,840
	2009	229,473	238,416	680,393	1,750	1,150,032
	2008	227,776	256,248	514,669	1,500	1,000,193
Michael J. Collins(7) Executive Vice President and President, Returns Management Services	2010	\$ 236,495	\$ 252,000	\$ 396,575	\$ 1,750	\$ 886,820
	2009	226,600	219,736	398,851	1,750	846,937
	2008	224,925	236,171	422,292	1,500	884,888
Richard L. Foss(8)(9) Executive Vice President and President, International	2010	\$ 231,108	\$ 252,000	\$ 396,575	\$ 1,750	\$ 881,433
	2009	206,000	199,761	398,851	1,750	806,362
	2008	204,478	214,702	422,292	1,500	842,972

- (1) The amounts in this column are the gross amounts of the named executive officer's performance bonus for the particular year before any conversion of the bonus into an option pursuant to our bonus conversion program. See the second paragraph of the following note (2) and notes (4)-(8).
- (2) The amounts in this column represent the fair value of options that we granted in 2010, 2009 and 2008 determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Stock Compensation (FASB ASC Topic 718), excluding the effect of the expected forfeiture rate. The assumptions made in the valuation of these options are described at the end of Note 7, Stock Based Compensation, to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2010 (available at www.stericycle.com).

The amount in this column for a particular year does not include the fair value of any option that we granted during that year pursuant to our bonus conversion program in respect of the named executive officer's performance bonus for the prior year. See the following notes (4)-(8).

- (3) The amounts in this column represent our matching 401(k) plan contributions for 2010, 2009 and 2008 for each of our named executive officers. The amount for Mr. Miller in 2010 also includes \$6,030 in expenses for Mr. Miller and his wife to attend and host resort activities to recognize top-ranking Company sales personnel.
- (4) The amounts in the Bonus column for Mr. Miller are the gross amounts of his performance bonuses for 2010, 2009 and 2008. Pursuant to our bonus conversion program, Mr. Miller elected to forego his entire performance bonus for each of these years and received instead

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options for 36,081, 42,253 and 30,676 shares, respectively. The fair value of these bonus conversion options is not included in the amounts in Mr. Miller's Option Awards column.

- (5) The amounts in the Bonus column for Mr. ten Brink are the gross amounts of his performance bonuses for 2010, 2009 and 2008. Pursuant to our bonus conversion program, Mr. ten Brink elected to forgo \$68,850 of

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his performance bonus for 2010 and received instead an option for 4,330 shares and a net cash bonus of \$275,400; he elected to forgo \$59,604 of his performance bonus for 2009 and received instead an option for 4,718 shares and a net cash bonus of \$178,812; and he elected to forgo \$64,062 of his performance bonus for 2008 and received instead an option for 3,451 shares and a net cash bonus of \$192,186. The fair value of these bonus conversion options is not included in the amounts in Mr. ten Brink's Option Awards column. The fair value of these bonus conversion options is not included in the amounts in Mr. ten Brink's Option Awards column.

- (6) The amounts in the Bonus column for Mr. Kogler are the gross amounts of his performance bonuses for 2010, 2009 and 2008. Pursuant to our bonus conversion program, Mr. Kogler elected to forgo \$68,850 of his performance bonus for 2010 and received instead an option for 4,330 shares and a net cash bonus of \$275,400; he elected to forgo \$59,604 of his performance bonus for 2009 and received instead an option for 4,718 shares and a net cash bonus of \$178,812; and he elected to forgo \$64,062 of his performance bonus for 2008 and received instead an option for 3,451 shares and a net cash bonus of \$192,186. The fair value of these bonus conversion options is not included in the amounts in Mr. Kogler's Option Awards column.
- (7) The amounts in the Bonus column for Mr. Collins are the gross amounts of his performance bonuses for 2010, 2009 and 2008. Pursuant to our bonus conversion program, Mr. Collins elected to forgo \$50,400 of his performance bonus for 2010 and received instead an option for 3,170 shares and a net cash bonus of \$201,600; he elected to forgo \$43,947 of his performance bonus for 2009 and received instead an option for 3,479 shares and a net cash bonus of \$175,789; and he elected to forgo \$59,043 of his performance bonus for 2008 and received instead an option for 3,181 shares and a net cash bonus of \$177,128. The fair value of these bonus conversion options is not included in the amounts in Mr. Collins's Option Awards column.
- (8) Under a reorganization of the management of our international operations, Mr. Foss's position was eliminated, and he left the Company on December 31, 2010. Mr. Foss remained entitled to his performance bonus for 2010.
- (9) The amounts in the Bonus column for Mr. Foss are the gross amounts of his performance bonuses for 2010, 2009 and 2008. Pursuant to our bonus conversion program, Mr. Foss elected to forego his entire performance bonus for each of these years and received instead options for 15,849, 15,813 and 11,566 shares, respectively. The fair value of these bonus conversion options is not included in the amounts in Mr. Foss's Option Awards column.

Salaries, bonuses and stock options represented the following approximate percentages of the total compensation paid to our named executive officers for 2010, 2009 and 2008:

	Approximate Percentage of Total Compensation of Named Executive Officers		
	2010	2009	2008
Salaries	14.8%	18.9%	20.7%
Bonuses	20.2%	22.6%	26.8%
Stock options	65.0%	58.4%	52.3%

Table of Contents**GRANTS OF PLAN-BASED AWARDS**

The following table provides information about the stock options granted to our named executive officers during 2010.

We did not make any awards to our named executive officers during 2010 of shares of restricted stock, restricted stock units or similar rights under an equity incentive plan or other plan or arrangement:

<u>Name</u>	<u>Grant Date</u>	<u>Option Awards(1): Number of Securities Underlying Options (#)</u>	<u>Exercise or Base Price of Option Awards (\$/Sh)</u>	<u>Grant Date Fair Value of Option Awards</u>
Mark C. Miller	2/09/10	242,253	\$ 51.55	\$ 3,156,002
Mark C. Miller	2/10/10	20,000	\$ 51.20	\$ 262,588
Frank J.M. ten Brink	2/09/10	79,718	\$ 51.55	\$ 1,048,627
Richard T. Kogler	2/09/10	79,718	\$ 51.55	\$ 1,048,627
Michael J. Collins	2/09/10	33,479	\$ 51.55	\$ 438,746
Richard L. Foss	2/09/10	45,813	\$ 51.55	\$ 588,251

- (1) All of these options were granted under our 2008 Incentive Stock Plan. This column includes options granted in February 2010 by reason of the named executive officers' conversion, pursuant to our bonus conversion program, of all or part of their respective performance bonuses for 2009. It does not include options granted in February 2011 by reason of the named executive officers' conversion, pursuant to our bonus conversion program, of all or part of their respective performance bonuses for 2010.

At the Compensation Committee's meeting in February 2011, the Committee determined the annual stock option grants to executive officers and employees generally. The Committee granted options for a total of 337,810 shares to our executive officers as follows: Mr. Miller, 159,150 shares; Messrs. ten Brink and Kogler, each 59,850 shares; Mr. Alutto 31,890 shares; and Mr. Collins, 27,070 shares. All of these options have an exercise price per share of \$85.00 (the closing price of our stock on the option grant date of February 8, 2011).

At the same meeting, the Compensation Committee also granted options to our executive officers by reason of their conversion of all or part of their respective performance bonuses for 2010 pursuant to our bonus conversion program. Mr. Miller was granted an option for 36,081 shares by reason of his conversion of his entire performance bonus; Mr. ten Brink was granted an option for 4,330 shares by reason of his conversion of \$68,850 of his performance bonus; Mr. Kogler was also granted an option for 4,330 shares by reason of his conversion of \$68,850 of his performance bonus; Mr. Collins was granted an option for 3,170 shares by reason of his conversion of \$50,400 of his performance bonus; and Mr. Foss was granted an option for 15,849 shares by reason of his conversion of his entire performance bonus. All of these options have an exercise price per share of \$85.00 (the closing price of our stock on the option grant date of February 8, 2011).

Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table provides information about the outstanding stock options held by the named executive officers as of December 31, 2010.

We did not make any awards to our named executive officers during 2010 or earlier of shares of restricted stock, restricted stock units or similar rights under an equity incentive plan or other plan or arrangement, and accordingly, no such shares, units or rights were held by any of our executive officers as of December 31, 2010:

Name	Option Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date(1)
Mark C. Miller	135,634		\$ 22.90	2/15/2015
	99,188	21,000	\$ 29.54	2/3/2016
	67,946	34,400	\$ 38.57	2/6/2017
	69,393	51,000	\$ 53.15	2/15/2018
	57,076	105,600	\$ 46.83	2/10/2019
	42,253	200,000	\$ 51.55	2/9/2020
		20,000	\$ 51.20	2/10/2020
Frank J.M. ten Brink	4,488		\$ 17.53	1/16/2013
	5,716		\$ 22.11	2/2/2014
	5,640		\$ 22.90	2/15/2015
	38,400	9,600	\$ 29.54	2/3/2016
	27,600	18,400	\$ 38.57	2/6/2017
	21,174	23,400	\$ 53.15	2/15/2018
	15,051	46,400	\$ 46.83	2/10/2019
4,718	75,000	\$ 51.55	2/9/2020	
Richard T. Kogler	2,716		\$ 22.11	2/2/2014
	5,640		\$ 22.90	2/15/2015
	13,119	12,306	\$ 29.54	2/3/2016
	27,600	18,400	\$ 38.57	2/6/2017
	23,563	23,400	\$ 53.15	2/15/2018
	15,051	46,400	\$ 46.83	2/10/2019
4,718	75,000	\$ 51.55	2/9/2020	
Michael J. Collins		24,800	\$ 32.21	6/26/2016
	26,400	17,600	\$ 38.57	2/6/2017
	16,470	19,200	\$ 53.15	2/15/2018
	9,981	27,200	\$ 46.83	2/10/2019
	3,479	30,000	\$ 51.55	2/9/2020
Richard L. Foss	80,000		\$ 17.72	2/28/2013
	60,886		\$ 22.11	2/2/2014
	45,288		\$ 22.90	2/15/2015
	26,400	6,600	\$ 29.54	2/3/2016

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30,502	17,600	\$ 38.57	2/6/2017
26,145	19,200	\$ 53.15	2/15/2018
18,366	27,200	\$ 46.83	2/10/2019
15,813	30,000	\$ 51.55	2/9/2020

-
- (1) Our options have 10-year terms and expire on the tenth anniversary of the option grant date. Options generally vest at the rate of one-fifth (20%) of the option shares on each of the first five anniversaries of the option grant date. Options granted pursuant to our bonus conversion program are immediately vested.

Table of Contents**OPTION EXERCISES AND STOCK VESTED**

The following table provides information about option exercises by the named executive officers during 2010. We have not awarded shares of restricted stock, restricted stock units or similar rights to any of our named executive officers, and accordingly no such shares, units or rights vested during 2010:

Name	Option Awards	
	Number of Shares Acquired on Exercise(1) (#)	Value Realized on Exercise(2) (\$)
Mark C. Miller	243,734	\$ 9,214,599
Frank J.M. ten Brink	135,452	\$ 5,859,712
Richard T. Kogler	140,997	\$ 5,996,522
Michael J. Collins	49,600	\$ 1,973,636
Richard L. Foss		

- (1) The information in this column is provided on an aggregate basis, and includes (i) option shares canceled in a net exercise of the option (in which option shares with a value equal to the exercise price and related withholding taxes are canceled in satisfaction of those amounts) and (ii) option shares acquired and concurrently sold to pay the exercise price and related withholding taxes in a cashless exercise of the option through a broker.
- (2) The information in this column is provided on an aggregate basis. The value realized on the exercise of an option was determined by multiplying the number of shares for which the option was exercised by the difference between (i) either (A) the closing price of our common stock on the date of exercise, in the case of payment of the exercise price in cash or by delivery of shares of our common stock for cancellation or by a net exercise of the option, or (B) the sales price, in the case of a cashless exercise of the option, and (ii) the exercise price per share of the option.

DIRECTOR COMPENSATION

The following table provides information about the compensation paid to our directors in 2010:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards \$(1)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Mark C. Miller, Chairman(2)						
Jack W. Schuler, Lead Director			\$ 156,683			\$ 156,683
Thomas D. Brown			\$ 156,683			\$ 156,683
Rod F. Dammeyer			\$ 169,224			\$ 169,224

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William K. Hall	\$ 156,683	\$ 156,683
Jonathan T. Lord, M.D.	\$ 162,962	\$ 162,962
John Patience	\$ 156,683	\$ 156,683
James W.P. Reid-Anderson(3)	\$ 156,683	\$ 156,683
Ronald G. Spae		