

STERICYCLE INC  
Form DEF 14A  
April 12, 2012  
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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 Rule 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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**NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD ON MAY 22, 2012**

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Dear Stockholder:

You are cordially invited to attend our 2012 Annual Meeting of Stockholders (the Annual Meeting ) to be held on Tuesday, May 22, 2012 at 11:00 a.m. Central Daylight 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,

ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2012,

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 stockholder proposal requesting that the Compensation Committee of the Board adopt a policy requiring senior executives to hold equity awards until retirement, 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 23, 2012 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 15, 2012. An admissions card is not transferable. If you need directions to the meeting, please call Investor Relations at (800) 643-0240 ext. 2012.

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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 or go to [www.proxyvote.com](http://www.proxyvote.com) and follow the instructions. 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

**Lead  
Director**

**Mark C. Miller**

**Chairman of the Board and Chief Executive Officer**

**Jack W.  
Schuler**

April 12, 2012

Lake Forest, Illinois

**Table of Contents****SUMMARY INFORMATION**

*This summary highlights information contained elsewhere in this proxy statement. It does not contain all information that you should consider, and you should read the entire proxy statement carefully before voting.*

**Annual Meeting of Stockholders**

<b>Time and Date:</b>	11:00 a.m. Central Daylight Time on Tuesday, May 22, 2012
<b>Place:</b>	DoubleTree Hotel Chicago O'Hare Airport-Rosemont 5460 North River Road Rosemont, Illinois 60018
<b>Record Date:</b>	March 23, 2012
<b>Voting:</b>	Stockholders as of the record date are entitled to vote.
<b>Attendance:</b>	Admission to the meeting is by an admissions card. Stockholders who wish to attend the meeting in person must complete and return an Admissions Request Form by May 15, 2012 to receive an admissions card.

**Meeting Agenda and Voting Recommendations**

<b>Agenda Item</b>	<b>Board Recommendation</b>	<b>Page</b>
Election of 9 directors	FOR EACH NOMINEE	8
Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2012	FOR	30
Advisory vote on executive compensation	FOR	31
Stockholder proposal on executives holding equity awards until retirement	AGAINST	32

**Board Nominees**

The following table provides summary information about the nominees for director. Each director is elected by a majority of votes cast.

<b>Nominee</b>	<b>Age</b>	<b>Director Since</b>	<b>Principal Occupation</b>	<b>Committees</b>
Mark C. Miller	56	1992	Chairman and Chief Executive Officer, Stericycle, Inc.	None

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Jack W. Schuler	71	1990	Lead Director and former Chairman, Stericycle, Inc.; former president and chief operating officer, Abbott Laboratories; former chairman, Ventana Medical Systems, Inc.; co-founder and partner, Crabtree Partners LLC	Nominating and Governance (Chair)  Audit
Thomas D. Brown	64	2008	Former senior vice president and president of the diagnostics division, Abbott Laboratories	Audit
Rod F. Dammeyer	71	1998	Chairman, CAC, LLC; former vice chairman, Anixter International; former managing partner, Equity Group Investments, LLC.	Audit (Chair)  Nominating and Governance

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Nominee	Age	Director Since	Principal Occupation	Committees
William K. Hall	68	2006	Former chairman and chief executive officer, Procyon Technologies, Inc.; former chairman and chief executive officer, Falcon Building Products, Inc.	Compensation
Jonathan T. Lord, M.D.	57	2004	Chief operating officer, Miller School of Medicine and UHealth-University of Miami Health System; former chief innovation officer and professor of pathology, University of Miami; chairman, Dexcom, Inc.; former president and chief executive officer, Navigenics, Inc.	Compensation (Chair) Nominating and Governance
John Patience	64	1989	Co-founder and partner, Crabtree Partners LLC; former vice chairman, Ventana Medical Systems, Inc.; former partner, McKinsey & Company	Nominating and Governance
James W.P. Reid-Anderson	53	2009	Chairman, president and chief executive officer, Six Flags Entertainment Corporation; former healthcare advisor to Apollo Management, LP; former executive and advisor to Siemens AG	Audit Compensation
Ronald G. Spaeth	68	2008	Former president, Evanston Northwestern Healthcare Foundation; former president and chief executive officer, Highland Park (Illinois) Hospital	Compensation

**Compensation Highlights**

Our compensation program is performance-oriented and designed to provide strong incentives to our executive officers to continue to improve our operating performance and thereby create value for all of our stockholders. The following table sets forth the 2011 compensation for each named executive officer as determined under SEC rules. See the notes accompanying the Summary Compensation Table on page 23 for more information.

Named Executive Officer	Salary	Bonus	Option Awards	All Other	Total
				Compensation	Compensation
Mark C. Miller	\$ 312,672	\$ 590,893	\$ 3,356,789	\$ 1,750	\$ 4,262,104
Frank J.M. ten Brink	\$ 275,919	\$ 354,578	\$ 1,262,355	\$ 1,508	\$ 1,894,360
Richard T. Kogler	\$ 275,919	\$ 354,578	\$ 1,262,355	\$ 1,750	\$ 1,894,602
Michael J. Collins	\$ 245,262	\$ 259,560	\$ 570,960	\$ 1,750	\$ 1,077,532
Charles A. Alutto	\$ 247,209	\$ 312,863	\$ 672,623	\$ 10,480	\$ 1,243,175



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**28161 North Keith Drive**

**Lake Forest, Illinois 60045**

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**PROXY STATEMENT**

**2012 Annual Meeting of Stockholders**

**To Be Held on May 22, 2012**

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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 2012 Annual Meeting of Stockholders (the Annual Meeting ) to be held on Tuesday, May 22, 2012 at 11:00 a.m. Central Daylight 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, 2011), were first made available to stockholders on April 12, 2012. 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),

ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2012 (Item 2),

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 3),

a stockholder proposal requesting that the Compensation Committee of the Board adopt a policy requiring senior executives to hold equity awards until retirement (Item 4), 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** ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2012 (Item 2),

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**FOR** the advisory resolution to approve the compensation of our named executive officers as disclosed in this proxy statement (Item 3), and

**AGAINST** the stockholder proposal requesting that the Compensation Committee of the Board adopt a policy requiring senior executives to hold equity awards until retirement (Item 4).

### **Who may vote at the Annual Meeting?**

Only stockholders of record as of the close of business on March 23, 2012 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 23, 2012, there were 84,989,245 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 accordingly, we mailed our stockholders a Notice of Internet Availability of Proxy Materials on or about April 12, 2012. 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.

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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.

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### **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.

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 and 4. 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 at 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 2) is considered a routine matter under the relevant rules. All of the other items to be voted on (Items 1, 3 and 4) are considered non-routine matters.

### **What is the quorum required for the Annual Meeting?**

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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** all of the nominees for election or you may vote **For** or **Against** each individual nominee or **Abstain** from voting on the nominee's election.



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On Item 2 (ratification of the appointment of our independent registered public accounting firm), Item 3 (the say-on-pay vote) and Item 4 (stockholder proposal on executives holding equity awards until retirement), you may vote For or Against the proposal or Abstain from voting on the proposal.

### **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 (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 3 (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 4 (stockholder proposal on executives holding equity awards until retirement): 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.

### **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 Daylight Time on May 21, 2012) 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 Daylight Time on May 21, 2012).

### **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, 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.

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**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 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 15, 2012. 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 23, 2012 by (1) each of our directors, (2) each of our executive officers listed in the Summary Compensation Table on page 23 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>
<b>Directors (and nominees)</b>		
Mark C. Miller(3)(4)	1,536,545	1.8%
Jack W. Schuler(3)	2,026,869	2.4%
Thomas D. Brown	32,097	*
Rod F. Dammeyer(3)	112,273	*
William K. Hall	68,513	*
Jonathan T. Lord, M.D.	66,359	*
John Patience(3)	304,677	*
James W.P. Reid-Anderson	19,738	*
Ronald G. Spaeth	32,097	*
<b>Officers</b>		
Frank J.M. ten Brink(3)	278,206	*
Richard T. Kogler	183,154	*
Michael J. Collins	155,125	*
Charles A. Alutto	84,622	*
<b>All directors and executive officers as a group (13 persons)</b>	<b>4,900,275</b>	<b>5.8%</b>

\* 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 23, 2012. These shares are held as follows: Mr. Miller, 797,599 shares; Mr. Schuler, 23,571 shares; Mr. Brown, 32,097 shares; Mr. Dammeyer, 75,413 shares; Mr. Hall, 64,513 shares; Dr. Lord, 66,259 shares; Mr. Patience, 71,715 shares; Mr. Reid-Anderson, 19,738 shares; Mr. Spaeth, 32,097 shares; Mr. ten Brink, 214,435 shares; Mr. Kogler, 176,573 shares; Mr. Collins, 148,174 shares and Mr. Alutto, 84,475 shares.
- (2) Shares of common stock issuable under stock options exercisable as of or within 60 days after March 23, 2012 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 315,827 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 five 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.

**Table of Contents****Stock Ownership of Certain Stockholders**

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 23, 2012) 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	10.2%
FMR LLC(2) 82 Devonshire Street Boston, Massachusetts 02109	5,108,095	6.0%
The Vanguard Group, Inc.(3) 100 Vanguard Boulevard Malvern, Pennsylvania 19355	4,458,517	5.2%

(1) The shares shown as beneficially owned are derived from the Schedule 13G (Amendment No. 3) that Capital World Investors filed with the U.S. Securities and Exchange Commission on February 10, 2012.

(2) The shares shown as beneficially owned are derived from the Schedule 13G (Amendment No. 1) that FMR LLC filed with the U.S. Securities and Exchange Commission on February 14, 2012.

(3) The shares shown as beneficially owned are derived from the Schedule 13G (Amendment No. 1) that The Vanguard Group, Inc. filed with the U.S. Securities and Exchange Commission on February 8, 2012.

**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 2013 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	56
Jack W. Schuler	Lead Director	71
Thomas D. Brown	Director	64

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Rod F. Dammeyer	Director	71
William K. Hall	Director	68
Jonathan T. Lord, M.D.	Director	57
John Patience	Director	64
James W.P. Reid-Anderson	Director	53
Ronald G. Spaeth	Director	68

*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 Chairman 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, LLC, 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 Ventana Medical Systems, Inc., GATX Corporation and as 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, 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 A.M. Castle & Co., 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. In March 2012, Dr. Lord became the chief operating officer of the Miller School of Medicine and the UHealth-University of Miami Health System. From September 2011 until this appointment he served as the chief innovation officer of the University of Miami and professor of pathology. 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.

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*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 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, LP, 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.

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### **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.

#### **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, analytical skills, 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

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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

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recommendation to the 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 page 14 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](http://www.stericycle.com).

**Committee Members and Meetings**

The following table provides information about the membership of the committees of the Board of Directors during 2011:

<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 2011 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 two meetings 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 2011. 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 two meetings and one member of the Audit Committee missed one meeting.

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We encourage our directors to attend the annual meeting of stockholders. The nominees for election as directors, with the exception of one, attended the 2011 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.

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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.

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 2011 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. As we previously announced, in February 2012 the Board of Directors selected Mr. Miller to become Executive Chairman of the Board and Charles A. Alutto to succeed him as our Chief Executive Officer effective as of January 1, 2013.



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**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.

**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](http://www.stericycle.com). The current members of the Committee, who served during 2011, 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, 2011. 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, 2011 for filing with the U.S. Securities and Exchange Commission.

Audit Committee

Rod F. Dammeyer, Chairman

Thomas D. Brown

John Patience

Jack W. Schuler

**Table of Contents****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.

The following table presents some key data reflecting our performance-oriented compensation program:

<b>Key Data</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Year-over-year increase in non-GAAP earnings per share(1)	13.2%	20.3%	21.3%
Total stockholder return(2)	(3.7)%	46.7	5.9%
Performance bonus and stock options of named executive officers as a percent of their total compensation	86.8%	85.1%	81.0%
Year-over-year increase in total compensation of Mark C. Miller, Chairman of the Board and Chief Executive Officer	12.3%	58.7%	19.7%

(1) Our publicly disclosed non-GAAP earnings per diluted share is calculated as U.S. generally accepted accounting principles earnings per diluted share adjusted for acquisition-related expenses, restructuring costs and other items.

(2)

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Our total stockholder return is measured as the change in the closing price of a share of our common stock on December 31 (or the last trading day of the year) from its closing price on December 31 of the prior year (or the last trading day of the prior year).

**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. Consistent with a review in 2011 of our executive compensation programs by a third party executive compensation consulting firm performed at the Committee's request, the principal factors continue to remain: (i) providing our executive officers with total potential cash compensation at the 50th percentile shown on an informal survey of executive officer compensation at 14 public companies providing waste management,

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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 up to the 75th percentile shown on this survey for their positions.

The companies surveyed consisted of ABM Industries, Inc., Brink's Company, Charles River Laboratories International, Inc., Chemed Corporation, Cintas Corporation, Clean Harbors, Connections Corporation of America, Covanta Holding Corporation, Cross Country Healthcare, Inc., Equifax, Inc., Healthcare Services Group, Inc., Iron Mountain Incorporated, Republic Services, Inc., and Waste Connections, Inc. The component companies in our survey may change from year to year as we strive to benchmark our executive compensation against that of companies comparable to us in respect to factors like company performance, services offered, and industries served.

**Base Salaries.** During 2011, Mr. Miller's base salary, which was unchanged in 2010, was raised to \$315,143. The base salaries of the other named executive officers were raised in 2011 to \$278,100 for Messrs. ten Brink, Kogler, and Alutto, and \$247,200 for Mr. Collins.

**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 2011, the bonus percentages of our named executive officers were 125% for Mr. Miller, 85% for Messrs. ten Brink and Kogler, 75% for Mr. Alutto, and 70% for Collins. 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 2011, our target EBITDA for the payment of performance bonuses at the 100% level was \$491.3 million (compared to \$407.7 million for 2010), and our target EBITDA for payment of performance bonuses at the maximum 150% level was \$499.3 million (compared to \$415.7 million for 2010). Our actual EBITDA for the year for purposes of the performance bonus program was \$506.1 million (the sum of income from operations of \$424.3 million plus \$66.0 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 2011, paid in February 2012, equal to 150% of the bonus percentages of their base salaries. The performance bonuses for Messrs. Miller, ten Brink, Kogler, Collins and Alutto were \$590,893, \$354,578, \$354,578, \$259,560, and \$312,863, 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 2011, 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



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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.

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, the 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.

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.** 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.

Four of our named executive officers participated in this program in respect of their performance bonuses for 2011 payable in February 2012. Mr. Miller elected to forgo his entire performance bonus and received instead an option for 27,998 shares, Mr. ten Brink elected to forgo \$70,916 of his performance bonus and received instead an option for 3,360 shares, Mr. Kogler similarly elected to forgo \$70,916 of his performance bonus and received instead an option for 3,360 shares, and Mr. Collins elected to forgo \$51,912 of his performance bonus and received instead an option for 2,460 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, 2008, and 2011 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; and

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

## **Compensation Decisions**



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In addition to the two guidelines previously described (see Overview Compensation Guidelines, on page 16), 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.

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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 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.

The Committee reviews the results of the voting on each annual non-binding say-on-pay proposal. Last year, a substantial majority (approximately 98%) of our stockholders who voted on the say-on-pay proposal at the 2011 Annual Meeting approved our executive compensation as described in the Compensation Discussion and Analysis and tabular disclosures in our proxy statement for the meeting. The Committee did not implement changes as a direct result of the stockholders' advisory vote.

## **Base Salaries**

In February 2012, the Compensation Committee decreased the base salary of Mr. Miller to \$205,000, increased the base salaries of each of Messrs. ten Brink, Kogler, and Alutto by 7.9%, raising the base salaries of Messrs. ten Brink, Kogler, and Alutto to \$300,000 and raising the base salary of Mr. Collins to \$260,000.

## **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 2012, the Compensation Committee left the bonus percentage for 2012 of Mr. Miller unchanged at 125%, increased the bonus percentage of Messrs. ten Brink, Kogler, and Alutto to 100%, and increased the bonus percentage of Mr. Collins to 80%.

## **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 three stock option plans under which new stock options may be granted: (i) the 2011 Incentive Stock Plan, which our stockholders approved in May 2011, (ii) the 2008 Incentive Stock Plan, which our stockholders approved in May 2008, and (iii) the 2005 Incentive Stock Plan, which our stockholders

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approved in April 2005. There are also stock options outstanding under our 2000 Nonstatutory Stock Option Plan, which expired in February 2010, and our 1997 Stock Option Plan, which expired in January 2007.

As of December 31, 2011, there were 3,000,000 shares available for future option grants under the 2011 plan, 1,102,944 shares available for future option grants under the 2008 plan and 293,402 shares were available for future option grants under the 2005 plan.

In February 2012, 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 355,000 shares to our executive officers as follows: Mr. Miller, 110,000 shares; Messrs. ten Brink and Kogler, each 75,000 shares; Mr. Collins, 35,000 shares; and Mr. Alutto, 60,000 shares.

## **Bonus Conversion Program**

Under our bonus conversion program, a participant may irrevocably elect in advance of any bonus award to forgo 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.

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 forgo 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 2011 and 2012.

## **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 2011, Messrs. Collins and Alutto each purchased 147 shares under the ESPP, and Messrs. Kogler and ten Brink each purchased 114 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 2011, 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 Messrs. Miller, Kogler, Collins and Alutto and a matching contribution of \$1,508 for Mr. ten Brink.

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### **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**

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.

### **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 satisfy the applicable minimum stock ownership requirement.

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**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 2009-2011 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>Compen-</u> <u>sation(3)</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Mark C. Miller(4)	2011	\$ 312,672	\$ 590,893	\$ 3,356,789	\$ 1,750	\$ 4,262,104
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
Frank J.M. ten Brink(5)	2011	\$ 275,919	\$ 354,578	\$ 1,262,355	\$ 1,508	\$ 1,894,360
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
Richard T. Kogler(6)	2011	\$ 275,919	\$ 354,578	\$ 1,262,355	\$ 1,750	\$ 1,894,602
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
Michael J. Collins(7)	2011	\$ 245,262	\$ 259,560	\$ 570,960	\$ 1,750	\$ 1,077,532
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
Charles A. Alutto(8)(9)(10)	2011	\$ 247,209	\$ 312,863	\$ 672,623	\$ 10,480	\$ 1,243,175
Executive Vice President and President, USA	2010					
	2009					

(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)-(7) and (9).

(2) The amounts in this column represent the fair value of options that we granted in 2011, 2010, and 2009 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 6, Stock Based Compensation, to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2011 (available at [www.stericycle.com](http://www.stericycle.com)).

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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)-(7) and (9).

- (3) The amounts in this column represent our matching 401(k) plan contributions for 2011, 2010, and 2009 for each of our named executive officers. The amounts 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 2011, 2010, and 2009. Pursuant to our bonus conversion program, Mr. Miller elected to forgo his entire performance bonus for each of these years and received instead options for 27,998, 36,081, and 42,253 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 2011, 2010, and 2009. Pursuant to our bonus conversion program, Mr. ten Brink elected to forgo \$70,916 of

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his performance bonus for 2011 and received instead an option for 3,360 shares and a net cash bonus of \$283,662; he 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; and 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. 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 2011, 2010 and 2009. Pursuant to our bonus conversion program, Mr. Kogler elected to forgo \$70,916 of his performance bonus for 2011 and received instead an option for 3,360 shares and a net cash bonus of \$283,662; he 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; and 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. 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 2011, 2010 and 2009. Pursuant to our bonus conversion program, Mr. Collins elected to forgo \$51,912 of his performance bonus for 2011 and received instead an option for 2,460 shares and a net cash bonus of \$207,648; he 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; and 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. The fair value of these bonus conversion options is not included in the amounts in Mr. Collins's Option Awards column.
- (8) Mr. Alutto became an executive officer in February 2011. The amounts reported reflect his compensation after becoming an executive officer.
- (9) The amount in the Bonus column for Mr. Alutto is the gross amount of his performance bonus for 2011. He did not participate in our bonus conversion program for his performance bonus for 2011.
- (10) Included in the All Other Compensation column for Mr. Alutto is \$8,730 for tax preparation services related to his previous employment in the UK.

Salaries, bonuses, and stock options, and other compensation represented the following approximate percentages of the total compensation paid to our named executive officers for 2011, 2010 and 2009:

	Approximate Percentage of Total Compensation of Named Executive Officers		
	2011	2010	2009
Salaries	13.1%	14.8%	18.9%
Bonuses	18.1%	20.2%	22.5%
Stock options	68.7%	64.9%	58.4%
Other	0.2%	0.1%	0.1%

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

The following table provides information about the stock options granted to our named executive officers during 2011.

We did not make any awards to our named executive officers during 2011 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	2/08/11	195,231	\$ 85.00	\$ 4,020,600
Frank J.M. ten Brink	2/08/11	64,180	\$ 85.00	\$ 1,342,017
Richard T. Kogler	2/08/11	64,180	\$ 85.00	\$ 1,342,017
Michael J. Collins	2/08/11	30,240	\$ 85.00	\$ 629,281
Charles A. Alutto	2/08/11	31,890	\$ 85.00	\$ 672,623

- (1) All of these options were granted under our 2008 Incentive Stock Plan. This column includes 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. It does not include options granted in February 2012 by reason of the named executive officers' conversion, pursuant to our bonus conversion program, of all or part of their respective performance bonuses for 2011.

At the Compensation Committee's meeting in February 2012, the Committee determined the annual stock option grants to executive officers and employees generally. The Committee granted options for a total of 355,000 shares to our executive officers as follows: Mr. Miller, 110,000 shares; Messrs. ten Brink and Kogler, each 75,000 shares; Mr. Alutto 60,000 shares; and Mr. Collins, 35,000 shares. All of these options have an exercise price per share of \$86.24 (the closing price of our stock on the option grant date of February 13, 2012).

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 2011 pursuant to our bonus conversion program. Mr. Miller was granted an option for 27,998 shares by reason of his conversion of his entire performance bonus; Mr. ten Brink was granted an option for 3,360 shares by reason of his conversion of \$70,916 of his performance bonus; Mr. Kogler was also granted an option for 3,360 shares by reason of his conversion of \$70,916 of his performance bonus; and Mr. Collins was granted an option for 2,460 shares by reason of his conversion of \$51,912 of his performance bonus. All of these options have an exercise price per share of \$86.24 (the closing price of our stock on the option grant date of February 13, 2012).

**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, 2011.

We did not make any awards to our named executive officers during 2011 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, 2011:

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
	120,188		\$ 29.54	2/3/2016
	85,146	17,200	\$ 38.57	2/6/2017
	86,393	34,000	\$ 53.15	2/15/2018
	83,476	79,200	\$ 46.83	2/10/2019
	82,253	160,000	\$ 51.55	2/9/2020
	4,000	16,000	\$ 51.20	2/10/2020
	36,081	159,150	\$ 85.00	2/8/2021
Frank J.M. ten Brink	5,716		\$ 22.11	2/2/2014
	5,640		\$ 22.90	2/15/2015
	27,676		\$ 29.54	2/3/2016
	36,800	9,200	\$ 38.57	2/6/2017
	28,974	15,600	\$ 53.15	2/15/2018
	26,651	34,800	\$ 46.83	2/10/2019
	19,718	60,000	\$ 51.55	2/9/2020
	4,330	59,850	\$ 85.00	2/8/2021
Richard T. Kogler	2,716		\$ 22.11	2/2/2014
	5,640		\$ 22.90	2/15/2015
	5,425		\$ 29.54	2/3/2016
	36,800	9,200	\$ 38.57	2/6/2017
	31,363	15,600	\$ 53.15	2/15/2018
	26,651	34,800	\$ 46.83	2/10/2019
	19,718	60,000	\$ 51.55	2/9/2020
	4,330	59,850	\$ 85.00	2/8/2021
Michael J. Collins	24,800		\$ 32.21	6/26/2016
	35,200	8,800	\$ 38.57	2/6/2017
	22,870	12,800	\$ 53.15	2/15/2018
	16,781	20,400	\$ 46.83	2/10/2019
	9,479	24,000	\$ 51.55	2/9/2020
	3,170	27,070	\$ 85.00	2/8/2021
Charles A. Alutto	24,500		\$ 29.54	2/3/2016

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19,200	4,800	\$ 38.57	2/6/2017
9,000	6,000	\$ 53.15	2/15/2018
16,200	10,800	\$ 54.59	6/18/2018
1,397	5,587	\$ 63.00	7/30/2020
	31,980	\$ 85.00	2/8/2021

- 
- (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 2011. 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 2011:

Name	Option Awards	
	Number of Shares Acquired on Exercise(1) (#)	Value Realized on Exercise(2) (\$)
Mark C. Miller		
Frank J.M. ten Brink	24,812	\$ 1,481,248
Richard T. Kogler	20,000	\$ 1,249,111
Michael J. Collins		
Charles A. Alutto	15,000	\$ 1,003,416

- (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 2011:

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			\$ 180,513			\$ 180,513
Thomas D. Brown			\$ 180,513			\$ 180,513
Rod F. Dammeyer			\$ 194,971			\$ 194,971

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William K. Hall	\$ 180,513	\$ 180,513
Jonathan T. Lord, M.D.	\$ 187,755	\$ 187,755
John Patience	\$ 180,513	\$ 180,513
James W.P. Reid-Anderson	\$ 180,513	\$ 180,513
Ronald G. Spaeth	\$ 180,513	\$ 180,513

- (1) The amounts in this column represent the fair value of options that we granted in 2011 determined in accordance with FASB ASC Topic 718, excluding the effect of the expected forfeiture rate. The assumptions made in the valuation of these stock options are described at the end of Note 6, Stock Based Compensation, to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2011 (available at [www.stericycle.com](http://www.stericycle.com)).



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As of December 31, 2011, our outside directors held vested and unvested options for the following number of shares of our common stock: Mr. Schuler, 30,176 shares; Mr. Brown, 49,386 shares; Mr. Dammeyer, 82,547 shares; Mr. Hall, 71,118 shares; Dr. Lord, 83,129 shares; Mr. Patience, 78,320 shares; Mr. Reid-Anderson, 35,282 shares; and Mr. Spaeth, 44,386 shares.

- (2) Mr. Miller is our Chief Executive Officer and receives no additional compensation for his services as our Chairman of the Board or a director.

## **Compensation in 2011**

We did not pay any fees or other cash compensation to our directors who served during 2011 or provide them with any perquisites or other personal benefits. Pursuant to our Outside Directors Compensation Plan, we granted an option for 6,605 shares to each of our outside directors elected at the annual meeting of stockholders in May 2011. The number of option shares was determined by dividing (i) the product of four times the director's annual compensation of \$125,000 by (ii) the average closing price of a share of our common stock during the 12-month period ending on the last trading day prior to the annual meeting (\$75.70). The exercise price per share was the closing price of our common stock on the day of the annual meeting (\$87.80), and the option vests on the first anniversary of the meeting (May 24, 2012). Mr. Dammeyer and Dr. Lord received options for an additional 529 and 265 shares for their services as chairmen of the Audit and Compensation Committees, respectively.

## **Outside Directors Compensation Plan**

Under our Outside Directors Compensation Plan, which our Board of Directors adopted in August 2006 and amended in November 2006, each director's annual compensation for his services is \$125,000. The Board may review and update this amount from time to time based on informal surveys of outside directors' compensation. Subject to the election by an eligible director to receive up to 50% of his annual compensation in cash, the normal form of payment of an outside director's annual compensation is a stock option reflecting a conversion of the cash compensation. This option is granted upon a director's reelection as a director at the annual meeting of stockholders each year.

The option is for a number of shares equal to the quotient obtained by dividing (i) four times the amount of cash compensation to be converted into an option by (ii) the average closing price of our stock during the period from the prior year's annual meeting through the last trading day before the current annual meeting. The exercise price of the option is the closing price on the day of the annual meeting, and the option vests on the first anniversary of the annual meeting. Any portion of a director's annual compensation that he elects to receive in cash is paid in arrears at the time of vesting of the portion converted into an option (i.e., on the first anniversary of the annual meeting).

## **Stock Ownership Requirements**

Under our Outside Directors Compensation Plan, all directors are required to hold a minimum position in our stock. For a director with less than five years' service, he must have a position equal to three times his current annual compensation, or \$375,000. For a director with five or more years of service, he must have a position equal to five times his current annual compensation, or \$625,000. A director's 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.

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A director who satisfies the minimum ownership requirement may elect to receive up to 50% of his annual compensation in cash. A director who does not satisfy the minimum ownership requirement must receive his annual compensation in the normal form of payment as a stock option. A director who does not satisfy the applicable minimum ownership requirement may not sell any shares of our stock, with the exception that the director 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.

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All of our directors currently satisfy the applicable minimum stock ownership requirement.

### **Meeting and Other Fees**

Under our Outside Directors Compensation Plan, directors are not paid separate fees for attending meetings of the Board of Directors or its committees. No fees are paid to the Chairman of the Board for his service as chairman. The chairman of the Audit Committee is paid a fee of \$10,000 per year for his service as chairman, and the chairman of the Compensation Committee is paid a fee of \$5,000 per year for his service as chairman.

The fees to the chairmen of the Audit and Compensation Committees are paid by adding each chairman's fee to and treating it as a part of his annual compensation as a director, with the effect of making 50% of each chairman's fee eligible to be received in cash (if the chairman satisfies the applicable minimum ownership requirement) and converting the balance of the fee (or the entire fee, if the chairman does not satisfy the minimum ownership requirement) into an option.

### **Option Grants to New Directors**

Our Outside Directors Compensation Plan provides that a new director will be granted two stock options upon joining the Board. The first option, for joining the Board, is for a number of shares equal to the quotient obtained by dividing (i) the product of eight times the director's annual compensation by (ii) the average closing price of our common stock during the 12-month period ending on the last trading day before the director's election to the Board. The exercise price of the option is the closing price on the day of the director's election, and one-fifth of the option shares vest on each of the first five anniversaries of the director's election.

The new director will also be granted an option reflecting his annual compensation as a director. If the new director is elected at an annual meeting, the option is the same as the options that the other directors elected at the annual meeting receive. If the new director is elected by the Board to fill a vacancy, the option is for a number of shares equal to a pro rata portion of the quotient obtained by dividing (i) the product of four times the director's annual compensation by (ii) the average closing price of our common stock during the 12-month period ending on the last trading day before the director's election to the Board. The exercise price of the option is the closing price on the day of the director's election, and the option vests on the first anniversary of the prior annual meeting.

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**Item 2**

**RATIFICATION OF APPOINTMENT OF  
INDEPENDENT PUBLIC ACCOUNTING FIRM**

We have appointed Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012. Ernst & Young LLP has served as our independent registered public accounting firm since our incorporation in March 1989. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting to respond to appropriate questions and will have the opportunity to make a statement if they desire to do so.

**Audit Fees**

The aggregate fees billed by Ernst & Young LLP for professional services rendered in connection with the audit of our annual financial statements, audit of our internal control over financial reporting and review of our interim financial statements included in our quarterly reports on Form 10-Q, statutory audits required internationally, and assistance with and review of certain documents and letters filed with the SEC during the fiscal years ended December 31, 2011 and 2010 were approximately \$1.4 million and \$1.5 million, respectively.

**Audit-Related Fees**

Ernst & Young LLP did not provide any audit-related services or other assurance or related services to us during the fiscal years ended December 31, 2011 and 2010.

**Tax Fees**

The aggregate fees billed by Ernst & Young LLP for tax compliance, tax advice, and tax planning services provided to us during the fiscal year ended December 31, 2011 were approximately \$0.3 million. Ernst & Young did not provide any tax compliance, tax advice or tax planning services to us during the fiscal year ended December 31, 2010.

**All Other Fees**

Ernst & Young LLP did not provide any other services to us during the fiscal year ended December 31, 2011 or December 31, 2010.

In accordance with policies adopted by the Audit Committee of our Board of Directors, all audit and non-audit related services to be performed for us by our independent public accountants must be approved in advance by the Committee.

Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm will require the affirmative vote of holders of a majority of the voting power present in person or represented by proxy and entitled to vote at the Annual Meeting. If our stockholders do not ratify the appointment of Ernst & Young LLP, our Board of Directors may reconsider their appointment.

**The Board of Directors recommends that stockholders vote FOR ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.**

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**Item 3**

**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Under recent changes to the rules governing proxy statements, our stockholders have the opportunity to approve, by means of a non-binding advisory vote, the compensation of our named executive officers as disclosed in this proxy statement.

This proposal, popularly known as say-on-pay, enables stockholders to express or withhold their approval of our executive compensation program in general. The vote is intended to provide an assessment by our stockholders of our overall executive compensation program and not of any one or more particular elements of that program. The Compensation Committee and the full Board intend to consider and take into account the outcome of this non-binding advisory vote in making future executive compensation decisions. Because this vote is advisory and non-binding, it will not necessarily affect or otherwise limit any future compensation of any of our named executive officers.

Our executive compensation program is described in the Compensation Discussion and Analysis section of this proxy statement and the related tables and narrative discussion. Stockholders are strongly urged to read this material in its entirety, and in particular to read the Overview on pages 16-18, to obtain an informed understanding of our executive compensation program.

We believe that our executive compensation program is firmly aligned with the long-term interests of our stockholders. In addition to enabling us to attract and retain executive officers of the necessary caliber, our executive compensation program has as its objectives (i) making a substantial portion of our executive officers' compensation dependent on the Company's attainment of a measurable Company-wide performance target and (ii) structuring most of their compensation so that they benefit only if all of our stockholders benefit.

We believe that our executive compensation program satisfies these objectives and does so in a straightforward manner which has remained essentially unchanged in design for more than 15 years. Our executive compensation 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 based on EBITDA (earnings before interest, taxes, depreciation and amortization), and long-term incentive compensation is paid in the form of stock options. Performance bonuses are dependent on Company-wide performance, and stock options, which are only granted at the closing market price on the date of grant, are dependent for their value on the subsequent growth in value of our stock. Performance bonuses represented 18.1% and stock options represented 68.7% of our executive officers' compensation during 2011 and together represented 80.9% and 85.1% of their compensation during 2009 and 2010, respectively.

For these reasons and the reasons elaborated more fully in the Compensation Discussion and Analysis section and the related tables and narrative discussion, the Board of Directors requests stockholders to approve the following resolution:

Resolved, that the stockholders approve the compensation paid to the Company's named executive officers, as disclosed in this proxy statement, including the Compensation Discussion and Analysis section and the related compensation tables and narrative discussion.

**The Board of Directors recommends a vote FOR this resolution approving the compensation of our named executive officers.**



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**Item 4**

**STOCKHOLDER PROPOSAL ON  
EXECUTIVES HOLDING EQUITY AWARDS UNTIL RETIREMENT**

The International Brotherhood of Teamsters General Fund, 25 Louisiana Avenue, NW, Washington, DC 20001, beneficial owner of 55 shares of our common stock, has submitted the following resolution for consideration by the stockholders:

**Resolved:** That shareholders of Stericycle, Inc. (the Company) urge the Compensation Committee of the Board of Directors (the Committee) to adopt a policy requiring that senior executives retain a significant percentage of shares acquired through equity compensation programs until reaching normal retirement age and to report to shareholders regarding the policy before the Company's 2013 annual meeting of shareholders. For the purpose of this policy, normal retirement age shall be defined by the Company's qualified retirement plan that has the largest number of plan participants. The shareholders recommend that the Committee adopt a share retention percentage requirement of at least 75 percent of net after-tax shares. The policy should prohibit hedging transactions for shares subject to this policy which are not sales but reduce the risk of loss to the executive. This policy shall supplement any other share ownership requirements that have been established for senior executives, and should be implemented so as not to violate the Company's existing contractual obligations or the terms of any compensation or benefit plan currently in effect.

**Stockholders Supporting Statement:**

Equity-based compensation is an increasingly important component of senior executive compensation at our Company. For example, in 2011 the Company put a new incentive stock plan to a shareholder vote that allows for greater equity compensation incentives.

We believe there is a link between shareholder wealth and executive wealth that correlates to direct stock ownership by executives. According to an analysis conducted by Watson Wyatt Worldwide, companies whose CFOs held more shares generally showed higher stock returns and better operating performance. (Alix Stuart, *Skin in the Game*, CFO Magazine, March 2, 2008.)

Requiring senior executives to hold a significant portion of shares obtained through compensation plans as long as they are members of senior management would focus them on the Company's long-term success and better align their interests with those of the Company's shareholders. In the context of the ongoing financial crisis, we believe it is imperative that companies reshape their compensation policies and practices to promote long-term, sustainable value creation. A 2009 report by the Conference Board Task Force on Executive Compensation stated that hold-to-retirement requirements give executives an ever-growing incentive to focus on long-term stock price performance. ([http://www.conference-board.org/pdf\\_free/ExecCompensation2009.pdf](http://www.conference-board.org/pdf_free/ExecCompensation2009.pdf)).

Our Company has a minimum stock ownership guideline requiring executives to own Company stock valued at a multiple of salary within three to five years. CEO Mark C. Miller is required to own five times his annual base salary. We believe this policy does not go far enough to ensure that equity compensation builds executive ownership. We view a retention requirement approach as superior to a stock ownership guideline because a guideline loses effectiveness once it has been satisfied.



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Several major companies have already adopted this best practice, including Citigroup, Goldman Sachs, and Morgan Stanley.

We urge shareholders to vote FOR this proposal.

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### **The Company's Statement in Opposition**

Our Board of Directors believes that this proposal is not necessary given current company policies and recommends that you vote against it.

We agree with the proponent's underlying premise that meaningful, long-term stock ownership aligns executives' interests with those of all of our stockholders and promotes a focus on sustainable value creation. However, we believe our current policies achieve this goal effectively without creating incentives to take undue risks to maximize stock price.

#### **Stock ownership requirements mandate significant stock holdings by executives**

The Compensation Committee of our Board of Directors has established minimum stock ownership requirements as described in the Compensation Discussion and Analysis. All of our executive officers are required to hold a minimum position in our stock. An executive officer with less than five years of 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, subject to certain exceptions, and 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.

#### **Our executive officers' stock ownership far exceeds minimum requirements**

In response to the proponent's contention that a retention requirement is superior to a stock ownership guideline because a guideline loses effectiveness once it has been satisfied, we note that the stock ownership of each of our executive officers significantly exceeds the applicable minimum stock ownership requirement. An examination of the Outstanding Equity Awards at Fiscal Year-End table in this proxy statement demonstrates that the proponent's concern that a guideline loses effectiveness once it has been satisfied is unwarranted in our case, because the stock ownership position of each of our executive officers is well in excess of the applicable minimum requirement. Accordingly, the Board believes that our stock ownership policy effectively ensures that equity compensation builds executive ownership more than sufficient to align executives' interests with those of all of our stockholders.

#### **Excessive share ownership may encourage excessive risk-taking**

While we support having share ownership extend until retirement, we seek to require a reasonable ownership stake. Compensation experts agree that executives with excessive proportions of their wealth tied directly to their company may take undue risks to maximize stock price. Requiring executive officers to hold at least 75 percent of net after-tax shares acquired through our equity compensation programs while an executive officer may result in our executive officers holding a disproportionate ownership stake relative to their total personal wealth and thereby encourage them to maximize their wealth through risky decisions for the Company.

For these reasons, **the Board of Directors recommends a vote AGAINST this proposal.**

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**OTHER MATTERS**

As of the date of this proxy statement, our Board of Directors does not know of any other business to come before the Annual Meeting for consideration by our stockholders. If any other business should properly come before the meeting, the persons named as proxies in the accompanying proxy card will vote the shares of stock represented by the proxy in accordance with their judgment.

**STOCKHOLDER PROPOSALS FOR THE 2013 ANNUAL MEETING**

Any stockholder who wishes to present a proposal for consideration at our 2013 Annual Meeting of Stockholders, and to have the proposal included in our proxy statement for the meeting, must submit the proposal to us by December 13, 2012. In accordance with our bylaws, any stockholder who wishes to present a proposal from the floor for consideration at our 2013 Annual Meeting of Stockholders must submit the proposal to us no earlier than January 22, 2013 and no later than February 21, 2013.

Stockholder proposals for inclusion in our proxy statement must comply with the rules of the Securities and Exchange Commission in order to be included. Stockholder proposals should be sent to Investor Relations, Stericycle, Inc., 28161 North Keith Drive, Lake Forest, Illinois 60045.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act requires our directors, executive officers and persons beneficially owning more than 10% of our outstanding common stock to file periodic reports of stock ownership and stock transactions with the Securities and Exchange Commission. On the basis of a review of copies of these reports, we believe that all filing requirements for 2011 were satisfied in a timely manner.

**ADDITIONAL INFORMATION**

We will provide a copy of our annual report on Form 10-K for the fiscal year ended December 31, 2011 without charge to each stockholder as of the record date who sends a written request to Investor Relations, Stericycle, Inc., 28161 North Keith Drive, Lake Forest, Illinois 60045. Copies of this proxy statement and our Form 10-K as filed with the Securities and Exchange Commission are available in pdf format on our website, [www.stericycle.com](http://www.stericycle.com). Copies of this proxy statement and our Form 10-K also may be accessed directly from the SEC's website, [www.sec.gov](http://www.sec.gov).

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28161 North Keith Drive

Lake Forest, Illinois 60045

**2012 ANNUAL MEETING OF STOCKHOLDERS**

**May 22, 2012**

**Your vote is important!**

Please sign and promptly return your proxy card or voting instruction card in the enclosed envelope or, if your shares are registered in your name, vote your shares telephonically, by calling (800) 690-6903, or via the Internet, by going to [www.proxyvote.com](http://www.proxyvote.com).

If your shares are registered in the name of a broker, you may be able to vote your shares telephonically or via the internet. Check the information provided to you by your broker to see which options are available to you.

**Admission Request Form for 2012 Annual Meeting**

I am a stockholder of Stericycle, Inc. **(If your shares are registered in a broker's name, please enclose confirmation of stock ownership.)** I plan to attend the 2012 Annual Meeting to be held on Tuesday, May 22, 2012, at 11:00 a.m., Central Daylight Time, at the DoubleTree Hotel Chicago O'Hare Airport-Rosemont, 5460 North River Road, Rosemont, Illinois 60018. Please send me an admissions card. I understand that **an admissions card will admit only the stockholder or stockholders to whom it is issued, and may not be transferred.**

Name

Please print name of stockholder

Name

Please print name of stockholder (if joint owner)

Address

City

State

Zip Code

Telephone (\_\_\_\_) \_\_\_\_\_

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If you plan to attend the Annual Meeting, please detach, complete and return the Admission Request Form above directly to Stericycle, Inc., Annual Meeting Ticket Requests, 28161 North Keith Drive, Lake Forest, Illinois 60045. **All Admission Request Forms must be received by May 15, 2012.**

To avoid a delay in receipt of your admissions card, mail the Admission Request Form separately. Do not return it with your proxy card or mail it in the enclosed envelope.

If you need directions to the Annual Meeting, please call Investor Relations at (800) 643-0240 ext. 2012.

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**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Daylight Time the day before the meeting date. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

**STERICYCLE, INC.**

**28161 NORTH KEITH DRIVE**

**LAKE FOREST, IL 60045**

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Daylight Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M43881-P21057

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**STERICYCLE, INC.**

**The Board of Directors recommends you vote FOR all nominees for director, FOR Items 2 and 3, and AGAINST Item 4.**

1. Election of Directors	<b>For</b>	<b>Against</b>	<b>Abstain</b>			
1a. Mark C. Miller	..	..	..			
1b. Jack W. Schuler	..	..	..	<b>Vote On Proposals</b>	<b>For</b>	<b>Against Abstain</b>
1c. Thomas D. Brown	..	..	..	2. Ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2012	..	.. ..
1d. Rod F. Dammeyer	..	..	..		..	.. ..
1e. William K. Hall	..	..	..	3. Advisory resolution approving the compensation paid to the Company's executive officers	..	.. ..
1f. Jonathan T. Lord, M.D.	..	..	..	4. Stockholder proposal requiring executives to hold equity awards until retirement		





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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

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**STERICYCLE, INC.**

**2012 ANNUAL MEETING OF STOCKHOLDERS**

**Tuesday, May 22, 2012 11:00 AM Central Daylight Time**

**The DoubleTree Hotel Chicago O Hare Airport-Rosemont**

**5460 North River Road**

**Rosemont, Illinois 60018**

I or we hereby appoint each of Jack W. Schuler, Rod F. Dammeyer and John Patience (the proxies) as my or our proxy, each with the power to appoint his substitute, and authorize each of them acting alone to vote all of the shares of common stock, par value \$.01 per share, of Stericycle, Inc. (the Company) held of record by me or us on March 23, 2012 at the 2012 Annual Meeting of Stockholders (the Annual Meeting) to be held on Tuesday, May 22, 2012, at 11:00 a.m. Central Daylight Time, at the DoubleTree Hotel Chicago O Hare Airport Rosemont, 5460 North River Road, Rosemont, Illinois 60018, and at any adjournment of the Annual Meeting.

If properly completed and returned, this Proxy will be voted as directed. If no direction is given, this Proxy will be voted in accordance with the recommendations of the Company's Board of Directors, i.e., FOR each of the nine nominees for election as a director (Item 1), FOR ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2012 (Item 2), FOR approval of the advisory resolution approving the compensation paid to the Company's executive officers (Item 3), and AGAINST the stockholder proposal requiring executives to hold equity awards until retirement (Item 4). This Proxy will be voted in the best judgment of the proxies in respect of any other business that properly comes before the Annual Meeting.

**PLEASE MARK, DATE, SIGN AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE**

**Address Changes:**

(If you noted any address changes above, please mark corresponding box on the reverse side.)

**(Continued and to be signed on reverse side.)**