



Sherman Act (15 U.S.C., § 1 and 2), and Sections 3 and 4 of the Connecticut Antitrust Act (Conn. Gen. Stat. § 35-26 and 35-27).

The Parties now desire to resolve the State's concerns and have concluded that it is in their interests to enter into this Assurance of Discontinuance and Voluntary Compliance (the "Assurance"). The relief herein is intended to resolve these concerns and Stericycle and Scherer have agreed to be bound by the provisions of this Assurance, as provided below. The Parties have entered into this Assurance without any complaint having been filed or any adjudication of any issue of fact or law herein and without this Assurance constituting any admission by, any evidence against, or any estoppel against Stericycle or Scherer (including their respective subsidiaries and controlled affiliates) with respect to any such issues, except with respect to Section XI of this Assurance, including, but not limited to, the Superior Court's jurisdiction over any action brought by the State to enforce of this Assurance.

#### **I. Introduction**

1. Stericycle is a Delaware corporation headquartered at 28161 North Keith Drive, Lake Forest, Illinois 60045, engaged in the medical waste management business in Massachusetts, Connecticut and other New England states. Bridgeview which is headquartered at 1525 Chestnut Hill Road, Morgantown, Pennsylvania 19543 and operates primarily in the medical waste treatment business, was acquired by Stericycle in October, 2002.

2. Scherer is a Delaware corporation headquartered at Interstate North Parkway, Suite 305, Atlanta, Georgia 30339, whose subsidiaries Bio Waste Systems, Inc. and Medical Waste Systems, Inc. (collectively, "BioSystems") are engaged in the medical waste management business in Massachusetts, Connecticut and in other New England states.

## **II. Jurisdiction**

3. The Attorney General of Connecticut is authorized to investigate the Scherer Merger and to enter into this Assurance.

## **III. General Provisions**

4. Definitions. As used in this Assurance, the following terms shall have the following meaning:

a. "Bridgeview" or "Bridgeview Medical Waste Treatment Facility" shall mean the treatment facility located in Morgantown, Pennsylvania, that was acquired by Stericycle in October, 2002.

b. "Haverhill Transfer Station" shall mean the medical waste transfer station located at 159-161 Ferry Road, Haverhill, Massachusetts currently operated by Scherer as the BioSystems Medical Waste Transfer Station, consisting of the Leases, the Customer Contracts and the Permit, each as defined below.

c. "State" shall mean the State of Connecticut.

d. "States" shall mean the State of Connecticut and the Commonwealth of Massachusetts.

5. The Assurance shall not become effective unless and until the Scherer Merger occurs. An Executive Officer of Stericycle shall certify in writing to the Connecticut Attorney General the effective date of the Scherer Merger immediately following its consummation.

6. This Assurance shall not be construed to create rights or claims in third parties against the Parties.

7. When this Assurance requires notice by the Parties, such notice shall be pursuant to the procedures and subject to the standards set out in Paragraph 22 of this Assurance.

8. Nothing contained in this Assurance shall be construed to limit in any manner whatsoever the authority of the Attorney General of Connecticut under any provision of law to investigate any matter (other than the Scherer Merger), to obtain such documents and information through subpoena, civil investigative demand, or any other lawful process, or to bring any action (other than in respect of the Scherer Merger) the Attorney General deems appropriate under such provision of law.

9. The provisions of this Assurance apply to the undersigned parties, their successors and assigns, subsidiaries, directors, officers, managers, agents, and employees, and all other persons in active concert or participation with any of them who shall have notice of this Assurance.

#### **IV. Divestiture of the Haverhill Transfer Station**

10. Stericycle shall divest, absolutely and in good faith, all of its direct and indirect ownership in or control over the Haverhill Transfer Station at no minimum price to a purchaser approved by the States, within four months of the effective date of this Assurance. If, however, at the end of this divestiture period, Stericycle believes and represents to the States in writing that divestiture is likely to be achieved within another month, the divestiture period under this Paragraph 10 shall be extended for another month.

11. Stericycle and Scherer each represent that the Haverhill Transfer Station consists of leasehold interests in two leases (the "159 Ferry Road Lease" and the "161 Ferry Road Lease", and together, the "Leases") with an unaffiliated lessor to be assumed by the Purchaser (as defined below), certain customer contracts with third party haulers (the "Customer Contracts") to be assumed by the Purchaser and a Permit (the "Permit") to be transferred to the Purchaser, subject to regulatory approvals, and with the Purchaser assuming the obligations under the Permit. Stericycle shall be entitled to remove from the Haverhill Transfer Station and continue

to own all racks, containers, trucks and other personal property, but not fixtures, or other leasehold improvements, which shall be divested.

12. Stericycle and Scherer each represent that the Haverhill Transfer Station will be operational on the date of sale, and that there are no known material defects in the environmental, zoning, or other permits pertaining to the operation of the Haverhill Transfer Station. Stericycle represents that it will not undertake following the divestiture of the Haverhill Transfer Station any challenges to the environmental, zoning, or other permits pertaining to the operation of the Haverhill Transfer Station.

13. Stericycle shall, in good faith, undertake all reasonable efforts to assist a proposed Purchaser of the Haverhill Transfer Facility to obtain (i) all necessary approvals and consents from the Lessor of the premises on which the Haverhill Transfer Station is located and (ii) all necessary regulatory approvals for transfer of BioSystem's Permit #NESW-TS-056 issued by the Massachusetts Department of Environmental Protection (the "Permit") and any other regulatory approvals required by law.

14. Stericycle will not knowingly take any action that would cause the Permit for the Haverhill Transfer Station to be suspended, revoked or otherwise terminated by state, local or federal permitting authorities.

15. Except as permitted herein, Stericycle shall refrain from selling, subleasing or otherwise encumbering the Haverhill Transfer Station or modifying the Leases pending completion of the required divestiture. Stericycle shall be required to preserve and protect the Haverhill Transfer Station to be divested hereunder. In this regard, Stericycle shall, if required, take action to extend the 161 Ferry Road Lease for a three year renewal period or such shorter period as will end upon accomplishment of the required divestiture of the Haverhill Transfer

Station (provided that Stericycle may accomplish said renewals for incremental periods), and shall not under any circumstances allow any now-existing available lease terms and now existing renewal rights pertaining to a renewal after said three year period to be deleted, but Stericycle shall not be required to seek or make any other extensions to the Leases.

16. Stericycle agrees to take all reasonable steps to accomplish the divestiture and the transfer to an approved Purchaser of the Haverhill Transfer Station, in as prompt and timely a manner as possible, as contemplated by this Assurance. Stericycle shall refrain from attempting to influence or interfere with the independent judgment of management of the Purchaser in any manner so as to adversely affect, directly or indirectly, the competitive position of the Haverhill Transfer Station provided that nothing herein shall limit Stericycle's ability to compete with the Purchaser with respect to medical waste transfer stations (including by its operation of the Stericycle medical waste transfer station located at 139 – 141 Ferry Road, Haverhill, Massachusetts) or otherwise with respect to the medical waste management business.

17. Pending divestiture of the Haverhill Transfer Station, and except as otherwise provided in this Assurance, Stericycle shall take such actions as are necessary to maintain the viability, competitiveness, and marketability of the Haverhill Transfer Station consistent with this Assurance and to prevent the destruction, removal, wasting, deterioration, or impairment of the Haverhill Transfer Station except in the ordinary course of business and except for ordinary wear and tear. Stericycle shall honor all BioSystems contracts existing at the effective date of this Assurance with independent collectors and/or haulers of medical waste relating to their dropping off medical waste at the Haverhill Transfer Station, and shall agree to engage in good faith negotiation for reasonable extensions of such contracts, to permit, on commercially

reasonable terms, access to the Haverhill Transfer Station to any such independent collectors or haulers of medical waste whose contracts may expire pending the divestiture.

18. Stericycle shall not repurchase or lease or otherwise acquire any interest in the Haverhill Transfer Station for a period of ten (10) years. Stericycle shall not enforce any rights it may have against any firm under a pre-existing covenant not to compete (other than a covenant obtained in connection with the Scherer Merger and provided to the State) that would prevent the firm from operating a medical waste transfer facility at the Haverhill Transfer Station.

#### **V. Appointment of Trustee**

19. If Stericycle has not divested absolutely and in good faith the Haverhill Transfer Station pursuant to paragraph 10 of this Assurance, the States may appoint a trustee to divest the Haverhill Transfer Station, as defined above, and with the Purchaser assuming the Leases and the Customer Contracts and obligations under the Permit.

20. If a trustee is appointed by the States pursuant to Paragraph 19 of this Assurance, Stericycle shall consent to the following terms and conditions regarding the trustee's powers, duties, authority, and responsibilities:

A. The States shall select the trustee, subject to the consent of Stericycle, which consent shall not be unreasonably withheld. The trustee shall be a person with experience and expertise in acquisitions and divestitures. If Stericycle has not opposed, in writing, including the reasons for opposing, the selection of any proposed trustee within ten (10) days after receipt of written notice by the staff of the States to Stericycle of the identity of any proposed trustee, Stericycle shall be deemed to have consented to the selection of the proposed trustee.

B. Subject to the prior approval of the States, the trustee shall have the exclusive power and authority to divest the Haverhill Transfer Station.

C. Within ten (10) days after appointment of the trustee, Stericycle shall execute a trust agreement that, subject to the prior approval of the States, transfers to the trustee all rights and powers necessary to permit the trustee to effect the divestiture of the Haverhill Transfer Station required by this Assurance.

D. The trustee shall have six (6) months from the date the States approve the trust agreement described above to accomplish the divestiture, which shall be subject to the prior approval of the States. If, however, at the end of the six (6) month period, the trustee has submitted a plan of divestiture or believes that divestiture can be achieved within a reasonable time, the divestiture period may be extended by the States provided, however, the States may extend this period only two (2) times for up to six (6) months each time.

E. The trustee shall have full and complete access to the Haverhill Transfer Station and to the personnel, books, records related to the Haverhill Transfer Station and to the facility or to any other relevant information, as the trustee may reasonably request. Stericycle shall develop such financial or other information as such trustee may reasonably request and shall cooperate with the trustee. Stericycle shall take no action to interfere with or impede the trustee's accomplishment of the divestiture. Any delays in divestiture by the trustee caused by Stericycle shall extend the time for divestiture under this Paragraph in an amount equal to the delay, as determined by the States after notice to and discussion with Stericycle.

F. The trustee shall use his or her best efforts to negotiate the most favorable price and terms available in each purchase contract that is submitted to the States, subject to Stericycle's absolute and unconditional obligation to divest the Haverhill Transfer Station at no minimum price. The divestiture shall be made to a prospective purchaser or purchasers that receive the prior approval of the States and only in a manner that receives the prior approval of the States. In



the event that the trustee receives bona fide offers from more than one prospective purchaser, the trustee shall submit all such bids to the States, and if the States determine to approve more than one such prospective purchaser for the Haverhill Transfer Station, the trustee shall divest to the prospective purchaser(s) selected by Stericycle from among those approved by the States.

G. The trustee shall serve, without bond or other security, at the cost and expense of Stericycle, on such reasonable and customary terms and conditions as the States may set. The trustee shall have the authority to employ, at the cost and expense of Stericycle, and at reasonable fees, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the trustee's duties and responsibilities. The trustee shall account for all monies derived from the divestiture and all expenses incurred. After approval by the States of the account of the trustee, including fees for his or her services, all remaining monies shall be paid at the direction of Stericycle, and the trustee's power shall be terminated. The trustee's compensation shall be based at least in significant part on an arrangement contingent on the trustee's divesting the Haverhill Transfer Station, and may include an incentive arrangement relating to price.

H. Stericycle shall indemnify the trustee and hold the trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the trustee's duties, all reasonable fees of counsel and other expenses reasonably incurred in connection with the preparation for, or defense of any claim, whether or not resulting in any liability, except to the extent that such liabilities, losses, damages, claims, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the trustee.

I. If the trustee ceases to act or fails to act diligently, a substitute trustee shall be appointed by the States.

J. The States may on their own initiative or at the request of the trustee issue such additional orders or directions as may be reasonably necessary or appropriate to accomplish the divestiture of the Haverhill Transfer Station required by this Assurance.

K. The trustee shall have no obligation or authority to operate or maintain the Haverhill Transfer Station. That obligation shall remain in Stericycle, as set forth in Paragraph 17 above.

L. The trustee shall report in writing to Stericycle and the States every forty-five (45) days concerning the trustee's efforts to accomplish divestiture.

#### **VI. Prior Notice of Future Acquisitions**

21. Until seven (7) years after the effective date of this Assurance, Stericycle will give thirty (30) days written notice to the Attorney General of Connecticut prior to acquiring ownership or control of the stock or assets of any collector or hauler of medical waste within New England deriving \$500,000 or more revenues from New England customers in the prior fiscal year or any processor of medical waste deriving \$1 million or more revenues from New England customers in the prior fiscal year. Such notice shall identify the parties and purchase price, describe the categories of assets or stock to be acquired and the business relating to the New England States of such other person or persons and the contemplated closing date of any such acquisition. For any transaction that is reportable under the Hart-Scott-Rodino Antitrust Improvement Act, Stericycle will provide a copy of its Notification and Report Form for Certain Mergers and Acquisitions and the attachments thereto (the "Form") to the Attorney General of Connecticut within two (2) business days of the filing of the Form with the federal antitrust agencies with respect to any transaction by which Stericycle will acquire ownership or control of the stock or assets of any collector, hauler or processor of medical waste.

22. Any notice required by this Assurance shall be mailed or hand delivered to the Connecticut Attorney General at the following address: Antitrust Department, Office of the Connecticut Attorney General, 110 Sherman Street, Hartford, CT 01605.

#### **VII. Additional Provisions**

23. Access to Stericycle's Transfer Station at 139 - 141 Ferry Road, Haverhill, Massachusetts. Stericycle shall offer, on the signing date of this Assurance, by written amendment, effective retroactively as of November 4, 2002, in the form previously furnished to the State by Stericycle's counsel, to extend the duration of Med Waste Management of New England, Inc.'s contract with Bridgeview dated August 1, 2002, (furnished to the State by Stericycle's counsel as Exhibit A), to permit Medical Waste Management of New England, Inc. to deliver medical waste to Stericycle's Haverhill transfer station located at 139 - 141 Ferry Road, Haverhill, Massachusetts (the "Stericycle Transfer Station") to a total term of seven years from the effective date of this Assurance. All present terms of said contract, as amended, shall continue to apply throughout the extended period of the contract, except that Med Waste Management of New England, Inc. shall have the right, at any time after 18 months from the effective date of this Assurance, to terminate the contract, and all obligations and rights thereunder, with no payment or penalty, upon not less than 60 days written notice to Stericycle of its intent to terminate the contract (and the right at any time prior to 18 months from the effective date of this Assurance to terminate the contract, and all obligations and rights thereunder, with no payment or penalty, upon not less than 90 days written notice to Stericycle of its intent to terminate the contract), and upon payment at the effective date of termination of the contract of all amounts owed to Stericycle under the contract.

24. Access to Stericycle's Bridgeview Medical Waste Treatment Facility. Stericycle shall cause its Bridgeview Medical Waste Treatment Facility to honor contracts with unaffiliated medical waste collectors existing on the effective date of this Assurance. In the event that Stericycle intends to terminate any such contract as a result of the unaffiliated party's material breach of its contract with Bridgeview, Stericycle agrees to give such unaffiliated party not less than ten days prior written notice (with a copy to the States).

25. Bridgeview's 5% Equity Interest in Med Waste Management of New England, Inc. Not later than the signing of this Assurance, Stericycle shall cause Bridgeview to offer in writing to Medical Waste Management, Inc. of New England ("MWM") and its affiliate Environmental Management, Inc., or their respective majority stockholders, the opportunity to repurchase from Bridgeview the five percent (5%) interests in the common stock of MWM and its affiliate Environmental Management, Inc. currently owned by Bridgeview, for the same \$40,000 consideration originally paid by Bridgeview for such interests (the "Purchase Amount"). MWM and its affiliate Environmental Management, Inc. or its respective majority stockholders may accept such offer by tendering to Stericycle the Purchase Amount within 30 days of the date of Stericycle's written offer. If neither MWM and its affiliate Environmental Management, Inc. nor its respective majority stockholders has accepted Stericycle's offer within such 30 day period by tendering the Purchase Amount, Stericycle's interest in MWM's and its affiliate Environmental Management, Inc. common stock shall be converted, subject to MWM's and its affiliate Environmental Management, Inc. written consent, into a promissory note with a principal amount equal to the amount of the Purchase Amount, bearing interest only at the prime rate of Fleet National Bank to its best customers payable quarterly, with no prepayment penalty, and with the principal amount plus all accrued but unpaid interest payable on the third anniversary of

the effective date of this Assurance. In the event that said written consent is not received by Stericycle within 10 days after said 30 day period, then Stericycle agrees that it shall have no right to vote or consent and shall not vote or consent with respect to its shares of common stock (except upon written approval from the States) of said MWM and its affiliate Environmental Management, Inc.

26. Request for Information. Throughout the term of this Assurance, Stericycle shall respond promptly to any reasonable requests for information or documents made by the State to ensure compliance with this Assurance. All information provided to the State in conjunction with its review of the Scherer Merger, requests for information pursuant to this Assurance or for obtaining any approval of the State shall be kept confidential under the Connecticut Public Records law or otherwise under Connecticut law, in each case to the extent permitted by such laws.

#### **VIII. Costs and Attorneys' Fees**

27. Upon the effective date of the Scherer Merger, Stericycle shall deliver to the Office of the Connecticut Attorney General a check in the amount Twenty-Five Thousand Dollars (\$25,000.00), payable to the State of Connecticut as partial reimbursement of the cost of their investigation and its reasonable attorneys' fees.

#### **IX. Termination**

28. This Assurance will expire on its tenth anniversary.

#### **X. Modification**

29. This Assurance may be modified by mutual written agreement of the Parties.

## **XI. Enforcement**

30. Stericycle and Scherer each consent to jurisdiction and venue in the Connecticut Superior Court, Judicial District of Hartford, in the event that the State of Connecticut seeks to enforce this Assurance within the State of Connecticut. Stericycle and Scherer recognize that the State's remedy at law regarding enforcement of this Assurance would be inadequate and each agree that the Connecticut Superior Court shall have the authority specifically to enforce the provisions of this Assurance, including the authority to award equitable relief, including appropriate temporary and permanent injunctive relief, and the costs and attorneys' fees incurred by the State of Connecticut in obtaining any enforcement of this Assurance. In addition, the Connecticut Superior Court, Judicial District of Hartford, shall have the authority to award liquidated damages as provided in Paragraph 31. Such relief is in addition to, and shall not in any way limit, the State's sovereign enforcement authority.

31. In the event that (i) Stericycle fails in a material respect to comply or to take such actions as are required under Paragraph 17 or 18, unless cured within 10 days after notice from the States, (ii) Stericycle fails to comply in a material respect with its obligations pursuant to Paragraph 20 with regard to the divestiture of the Haverhill Transfer Station by the trustee (if a trustee is required to have been appointed pursuant to Paragraph 19 of this Assurance) unless cured within 10 days after notice from the trustee or the States, (iii) Stericycle completes an acquisition without giving 30 days prior written notice to the Connecticut Attorney General, where such notice is required by the provisions of Paragraph 21 of this Assurance (unless it is determined by the court that Stericycle's failure to give notice was based on the good faith judgment of Stericycle, after consulting with antitrust counsel, that such notice was not so required), (iv) Stericycle terminates the contract with MedWaste Management of New England,

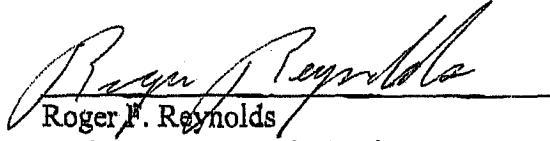
Inc. required by Paragraph 23 of this Assurance, except if such termination is for cause, or (v) Stericycle terminates, or permits the termination by Bridgeview of, a contract required by Paragraph 24 of this Assurance between the Bridgeview medical waste treatment facility and an unaffiliated medical waste collector without giving a copy of the ten days' prior written notice to the Connecticut Attorney General as required by Paragraph 24; Stericycle shall pay to the Office of the Connecticut Attorney General liquidated damages in the amount of \$25,000 for each such violation.

Dated: Jan. 7, 2003

STATE OF CONNECTICUT

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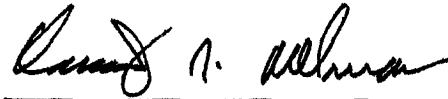
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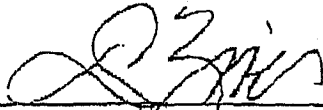


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