

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA,
STATE OF MISSOURI, and
STATE OF NEBRASKA,

Plaintiffs,

v.

STERICYCLE, INC.,
ATMW ACQUISITION CORP.,
MEDSERVE, INC., and
AVISTA CAPITAL PARTNERS, L.P.,

Defendants.

CASE NO.:

JUDGE:

DECK TYPE: Antitrust

DATE STAMP:

HOLD SEPARATE STIPULATION AND ORDER

It is hereby stipulated and agreed by and between the undersigned parties, subject to approval and entry by the Court, that:

I. DEFINITIONS

As used in this Hold Separate Stipulation and Order:

A. “Acquirer” means the entity to which defendants shall divest the Divestiture Assets.

B. “Stericycle” means defendant Stericycle, Inc., a Delaware corporation with its principal place of business in Lake Forest, Illinois, and ATMW Acquisition Corp. (a corporation formed to facilitate the acquisition), and their successors, assigns, subsidiaries, divisions, groups, affiliates, partnerships, and joint ventures, and all of their directors, officers, managers, agents, and employees.

C. “MedServe” means defendant MedServe, Inc., a Delaware corporation with its principal place of business in Bellaire, Texas, and Avista Capital Partners, L.P., an entity formed to facilitate the acquisition, and their successors, assigns, subsidiaries, divisions, groups, affiliates, partnerships, and joint ventures, and all of their directors, officers, managers, agents, and employees.

D. “Infectious Waste” means regulated medical waste that is generated in the diagnosis, treatment, or immunization of human beings or animals and that has come into contact with bodily fluids, and “sharps” waste, such as syringes and scalpels.

E. “Treatment” means the sterilization of infectious waste at a state-approved treatment facility, including the use of transfer stations to facilitate the shipment of infectious waste to other treatment sites.

F. “Large Quantity Generator Customer” or “LQG Customer” means any customer that spends \$1000 or more per month on infectious waste collection and treatment services.

G. “Divestiture Assets” means:

1. The following facilities:
 - a. MedServe’s Newton, Kansas autoclave facility, located at 1021 South Spencer Avenue, Newton, Kansas, 67114;
 - b. MedServe’s Kansas City, Kansas transfer station, located at 200 Funston Road, Suite B, Kansas City, Kansas, 66115;
 - c. MedServe’s Oklahoma City, Oklahoma transfer station, located at 8800 SW 8th Street, Oklahoma City, Oklahoma, 73128;

- d. MedServe's Omaha, Nebraska transfer station, located at 13824-C Plaza, Omaha, Nebraska, 68144; and
 - e. MedServe's Booneville, Missouri transfer station, located at 680 Al Bersted Drive, Booneville, Missouri, 65233;
- 2. All tangible assets at the MedServe facilities listed in Paragraph I(G)(1), including all research and development activities, equipment, and fixed assets, real property (leased or owned), equipment, personal property, inventory (containers), office furniture, materials, supplies, on- or off-site warehouses or storage facilities; all licenses, permits, and authorizations issued by any governmental organization relating to the facilities; all lists of MedServe LQG customers; all MedServe LQG customer contracts, accounts, and credit records; all other records; and all trucks and other vehicles assigned to the facilities as of May 9, 2009; and
- 3. All intangible assets associated with the MedServe facilities listed in Paragraph I(G)(1), including, but not limited to, all contractual rights, patents, licenses and sublicenses, intellectual property, technical information, computer software (including waste monitoring software and management information systems) and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for materials, specifications for parts and devices, safety procedures for the handling of materials and substances, quality assurance and control procedures, design tools and simulation capability, all manuals

and technical information provided to employees, customers, suppliers, agents or licensees.

II. OBJECTIVES

The proposed Final Judgment filed in this case is meant to ensure defendants' prompt divestiture of the Divestiture Assets for the purpose of establishing an independent, economically viable competitor in the provision of infectious waste collection and treatment services for LQG customers in the Kansas, Missouri, Nebraska, and Oklahoma to remedy the anticompetitive effects that the United States allege would otherwise result from Stericycle's acquisition of MedServe. This Hold Separate Stipulation and Order ensures that, prior to such divestitures, the Divestiture Assets remain independent, economically viable and ongoing business concerns that will remain independent and uninfluenced by Stericycle, and that competition is maintained during the pendency of the ordered divestitures.

III. JURISDICTION AND VENUE

The Court has jurisdiction over the subject matter of this action and over each of the parties hereto, defendants waive service of summons on the Complaint, and venue of this action is proper in the United States District Court for the District of Columbia.

IV. COMPLIANCE WITH AND ENTRY OF FINAL JUDGMENT

A. The parties stipulate that a Final Judgment in the form attached hereto as Exhibit A may be filed with and entered by the Court, upon the motion of any party or upon the Court's own motion, at any time after compliance with the requirements of the Antitrust Procedures and Penalties Act (15 U.S.C. § 16), and without further notice to any party or other proceedings, provided that the United States has not withdrawn its consent, which it may do at any time before

the entry of the proposed Final Judgment by serving notice thereof on defendants and by filing that notice with the Court.

B. Defendants shall abide by and comply with the provisions of the proposed Final Judgment, pending the Judgment's entry by the Court, or until expiration of time for all appeals of any Court ruling declining entry of the proposed Final Judgment, and shall, from the date of the signing of this Stipulation by the parties, comply with all the terms and provisions of the proposed Final Judgment as though the same were in full force and effect as an order of the Court.

C. Defendants shall not consummate the transaction sought to be enjoined by the Complaint herein before the Court has signed this Hold Separate Stipulation and Order.

D. This Stipulation shall apply with equal force and effect to any amended proposed Final Judgment agreed upon in writing by the parties and submitted to the Court.

E. In the event: (1) the United States has withdrawn its consent, as provided in Paragraph IV(A); or (2) the proposed Final Judgment is not entered pursuant to this Hold Separate Stipulation and Order, the time has expired for all appeals of any Court ruling declining entry of the proposed Final Judgment, and the Court has not otherwise ordered continued compliance with the terms and provisions of the proposed Final Judgment, then the parties are released from all further obligations under this Hold Separate Stipulation and Order, and the making of this Hold Separate Stipulation and Order shall be without prejudice to any party in this or any other proceeding.

F. Defendants represent that the divestitures ordered in the proposed Final Judgment can and will be made, and that defendants will later raise no claim of mistake, hardship or

difficulty of compliance as grounds for asking the Court to modify any of the provisions contained therein.

V. HOLD SEPARATE PROVISIONS

Until the divestitures required by the Final Judgment have been accomplished:

A. Defendants shall preserve, maintain, and continue to operate the Divestiture Assets as independent, ongoing, economically viable competitive businesses, with management, sales and operations of such assets held entirely separate, distinct and apart from those of defendants' other operations. Defendants shall not coordinate the marketing of, or sales by, any of the Divestiture Assets with their other operations. Within twenty (20) days after the filing of the of the Hold Separate Stipulation and Order, defendants will inform the United States and the States of Missouri and Nebraska of the steps defendants have taken to comply with this Hold Separate Stipulation and Order.

B. Defendants shall take all steps necessary to ensure that: (1) the Divestiture Assets will be maintained and operated as independent, ongoing, economically viable and active competitors in the Infectious Waste collection and treatment business; (2) the management of the Divestiture Assets will not be influenced by defendants; and (3) the books, records, competitively sensitive sales, marketing and pricing information, and decision-making concerning the Divestiture Assets will be kept separate and apart from defendants' other operations.

C. Defendants shall use all reasonable efforts to maintain and increase the sales and revenues of the Divestiture Assets, and shall maintain at 2008 or previously approved levels for 2009, whichever are higher, all promotional, advertising, sales, technical assistance, marketing, and merchandising support for the Divestiture Assets.

D. Defendants shall provide sufficient working capital and lines and sources of credit to continue to maintain the Divestiture Assets as economically viable and competitive, ongoing businesses, consistent with the requirements of Section V, Paragraphs A and B.

E. Defendants shall take all steps necessary to ensure that the Divestiture Assets are fully maintained in operable condition at no less than current capacity and sales, and shall maintain and adhere to normal repair and maintenance schedules for the Divestiture Assets.

F. Defendants shall not, except as part of a divestiture approved by the United States in accordance with the terms of the proposed Final Judgment, remove, sell, lease, assign, transfer, pledge or otherwise dispose of any of the Divestiture Assets.

G. Defendants shall maintain, in accordance with sound accounting principles, separate, accurate and complete financial ledgers, books and records that report on a periodic basis, such as the last business day of every month, consistent with past practices, the assets, liabilities, expenses, revenues and income of the Divestiture Assets.

H. Defendants shall take no action that would jeopardize, delay or impede the sale of the Divestiture Assets.

I. Defendants' employees with primary responsibility for the Divestiture Assets shall not be transferred or reassigned to other areas within defendants' business, except for transfer bids initiated by employees pursuant to defendants' regular, established job posting policy. Defendants shall provide the United States with ten (10) calendar days' notice of any such transfer.

J. Defendants shall appoint a person or persons to oversee the Divestiture Assets, and who will be responsible for defendants' compliance with this section. This person(s) shall have complete managerial responsibility for the Divestiture Assets, subject to the provisions of this

Final Judgment. In the event such person(s) is unable to perform his duties, defendants shall appoint, subject to the approval of the United States, a replacement within ten (10) working days. Should defendants fail to appoint a replacement acceptable to the United States within this time period, the United States shall appoint a replacement.

K. Defendants shall take no action that would interfere with the ability of any trustee appointed pursuant to the Final Judgment to complete the divestitures pursuant to the Final Judgment to an Acquirer acceptable to the United States.

**VI. DURATION OF HOLD SEPARATE AND ASSET
PRESERVATION OBLIGATIONS**

Defendants' obligations under Section V of this Hold Separate Stipulation and Order shall remain in effect until (1) consummation of the divestitures required by the proposed Final Judgment or (2) until further order of the Court. If the United States voluntarily dismisses the Complaint in this matter, defendants are released from all further obligations under this Hold Separate Stipulation and Order.

Dated: November 30, 2009

Respectfully submitted,

**FOR PLAINTIFF
UNITED STATES OF AMERICA**

A handwritten signature in black ink, appearing to read 'F. Parmenter', is written over a horizontal line.

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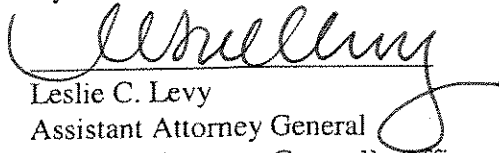


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A handwritten signature in black ink, appearing to read "L. Levy", is written over a horizontal line.

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ORDER

IT IS SO ORDERED by the Court, this ____ day of _____ 2009.

United States District Judge