

June 1, 2004

The Director of FASB

RE: Stock Option Reform Accounting Act (H.R. 3574/S.1890)

Dear Director:

Stericycle, Inc. is not in favor of the mandatory expensing of stock options, and we encourage you to endorse the Stock Option Reform Accounting Act (H.R. 3574/ S. 1890) bipartisan legislation that would delay implementation of the Financial Accounting Standards Board's (FASB) rule pending further study on the proposals economic impact. We urge you to support maintaining the current option expense reporting standards versus the FASB rule to include an estimate of expense directly in the financial statements themselves.

Stericycle has grown from a start up company formed in 1989 to a leader in our industry. The growth in employment has gone from nothing in 1989 to 2,845 full-time and 41 part-time employees by December of 2003. Our growth would not have been possible if we had not had the ability to recruit the talented people through our stock option programs and the capital we were able to raise through robust earnings growth.

We believe the FASB is misguided in its efforts, and the proposed plan will not improve corporate governance or investors' understanding of a company's finances. On the contrary, if companies are required to adopt the FASB's proposed methodologies, the result will be inconsistent valuations and investor misinformation. There are no valuation models for options (e.g., the Black-Scholes or lattice models) that are considered reliable, consistent, or comparable and, we believe that incorporating an option expense estimate in the body of the income statement based on available techniques would, in fact, undermine the credibility of the financial statements themselves.

Our broad-based option plans are an entrepreneurial incentive that has sparked innovation, enabling the growth of our Company thereby creating new employment opportunities and income streams for thousands of families across the United States.. Stericycle's ability to pursue a broad options program, while maintaining the integrity of our earnings trajectory, has enabled our Company to effectively compete for talent against much larger organizations. We use options responsibly to attract talent and align the interests of our employees with those of the Company and our shareholders. Mandatory expensing will discourage our use of options by disproportionately impacting our earnings and, therefore, our access to capital. The net result will be that our Company will be a competitively disadvantaged in recruiting the talent we need for success thereby dampening entrepreneurship and business development.

In conclusion, it is our opinion that the irrationality of a few is driving a reactionary policy for the many. The "cost" of options is already reflected in financial statements through the dilution of earnings per share and an accounting cost estimate fully disclosed in associated footnotes.

We encourage you to support maintaining the current standards for option expense reporting.

Sincerely,

Mark C. Miller
President and Chief Executive Officer

Frank ten Brink
Chief Financial Officer