

Sharps Compliance Corp., 9220 Kirby Drive, Suite 500, Houston, TX 77054

IMMEDIATE RELEASE

## **Sharps Compliance and U.S. Department of Veterans Affairs Launch Pilot Program to Provide Medical Waste and Unused Medication Disposal Solutions for American Veterans**

**Sharps' products and services to be tested in four state region and  
the District of Columbia**

HOUSTON, Texas, January 4, 2010 - Sharps Compliance Corp. (NASDAQ: SMED) ("Sharps" or the "Company"), a leading full-service provider of cost-effective disposal solutions for medical waste and unused dispensed medications generated outside the hospital and large healthcare facility setting, announced today the initiation of a pilot program with the United States Department of Veterans Affairs ("VA").

The program will take place within the VA Capitol Health Care Network ("Veterans Integrated Service Network 5" or "VISN 5"), which currently provides quality health care for eligible veterans in Maryland and portions of Virginia, West Virginia, and Pennsylvania, as well as the District of Columbia. The pilot allows each of the medical centers within the VISN 5 region, both inpatient and outpatient, to provide the Sharps Disposal By Mail System® and the RxTakeAway™ solutions to their patients. The VISN 5 is part of the Veterans Health Administration which encompasses the largest integrated health care system in the United States, consisting of 153 medical centers, in addition to numerous community based outpatient clinics, community living centers and Vet Centers. Together these health care facilities provide comprehensive care to over 5.5 million Veterans each year.

Sharps Disposal By Mail System® is a comprehensive solution for the containment, transportation, destruction and tracking of medical waste generated outside the hospital and large healthcare facility settings, while the RxTakeAway™ is a comprehensive solution that facilitates the proper disposal of unused medications. In conjunction with the pilot program, each participating veteran will receive a survey so VISN 5 administrators can gauge their perception of the program and ease of use.

Dr. Burton J. Kunik, Chairman and Chief Executive Officer of Sharps, commented, "We are pleased that the VA has selected Sharps for this pilot program and commend them for taking a leadership position in providing patients with medical waste and unused medication disposal options. The staff within the VA Capital Health Care Network continues to be at the forefront of providing top notch, quality health care for our veterans. Although just an initial pilot program, we are hopeful that it may be expanded throughout the Veterans Health Administration."

On December 7, 2009, the Company announced that it was awarded a five-year Federal Supply schedule contract by the General Services Administration of the U.S. Government (GSA). The GSA Schedule provides a streamlined vehicle for federal government agencies to purchase the Company's products and services, including the Sharps Disposal By Mail System®, Sharps Medical Waste Management System™ and RxTakeAway™ solutions. Sharps also was awarded a Distribution and Pricing Agreement (DAPA) with the Defense Supply Center of Philadelphia's (DSCP) Directorate of Medical Material (DMM) which provides the automated tools to promote efficient procurement of medical products for the Department of Defense.

In February 2009, the Company was awarded a \$40 million contract with an agency of the United States Government to provide its Sharps@MWMS™, a Medical Waste Management System.

**About VA Capitol Health Care Network (VISN 5)**

The VA Capitol Health Care Network (VISN 5) was established in October 1995, and serves veterans from the entire state of Maryland, and portions of Virginia, West Virginia, and Pennsylvania, as well as the District of Columbia. VISN 5 is committed to honor America's veterans as heroes by providing the highest quality health care. VISN 5 is comprised of four medical centers, one rehabilitation and extended care center, and fifteen community-based outpatient clinics. The estimated veteran population within the VISN 5 geographic service area is 784,600 veterans, and during fiscal year 2008, the medical centers provided care to 131,611 unique veterans.

The Veterans Health Administration, of which VISN 5 is a part, encompasses the largest integrated health care system in the United States, consisting of 153 medical centers, in addition to numerous community based outpatient clinics, community living centers and Vet Centers. Together these health care facilities provide comprehensive care to over 5.5 million Veterans each year.

**About Sharps Compliance Corp.**

Headquartered in Houston, Texas, Sharps is a leading full-service provider of cost-effective disposal solutions for medical waste and unused dispensed medications generated outside the hospital and large healthcare facility setting. The Company's flagship product, the Sharps Disposal by Mail System®, is a cost-effective and easy-to-use solution to dispose of medical waste such as hypodermic needles, lancets and any other medical device or objects used to puncture or lacerate the skin (referred to as "sharps").

The Sharps@MWMS™, a Medical Waste Management System, is a comprehensive medical waste and dispensed unused medication solution which includes an array of services and products necessary to effectively collect, store and dispose of medical waste and dispensed unused medications outside of the hospital setting. The System, which is designed for rapid deployment, features the Sharps Disposal By Mail System® products combined with warehousing, inventory management, training, data and other services necessary to provide a comprehensive solution. The Sharps@MWMS™ is designed to be an integral part of governmental and commercial emergency preparedness programs.

The Company's newest offering, RxTakeAway™, is designed for individual consumers, retail or mail-order pharmacies, communities and facilities including assisted living, long-term care and correction operations to facilitate the proper disposal of unused dispensed medications. This solution consists of a variety of sizes of containers (from a special-use envelope to 10- and 20-gallon products) and return packaging with pre-paid postage to the Company's treatment facility. The Company recently introduced its proprietary tracking system, DrugTracer™, to document unused patient medication products. The RxTakeAway™ is also an additional component option for the Sharps® Medical Waste Management System™.

The Company focuses on targeted growth markets such as federal, state and local governments, the pharmaceutical industry, as well as home health care, retail and professional markets. Sharps is a leading proponent and participant in the development of public awareness and solutions for the safe disposal of needles, syringes and other sharps as well as unused pharmaceuticals in the community setting.

As a fully integrated medical waste management company providing customer solutions and services, the Company's solid business model, with strong margins and significant operating leverage, and early penetration into emerging markets, uniquely positions it for strong future growth.

More information on the Company can be found on its website at: [www.sharpsinc.com](http://www.sharpsinc.com)

**Safe Harbor Statement**

The information made available in this press release contains certain forward-looking statements which reflect Sharps Compliance Corp.'s current view of future events and financial performance. Wherever used, the words "estimate", "expect", "plan", "anticipate", "believe", "may" and similar expressions identify forward-looking statements. Any such forward-looking statements are subject to risks and uncertainties and the Company's future results of operations could differ materially from historical results or current expectations. Some of these risks include, without limitation, the Company's ability to educate its customers, development of public awareness programs to educate the identified consumer, customer preferences, the Company's ability to scale the business and manage its growth, the degree of success the Company has at gaining more large customer contracts, managing regulatory compliance and/or other factors that may be described in the Company's annual report on Form 10-K, quarterly reports on Form 10-Q and/or other filings with the Securities and Exchange Commission. Future economic and industry trends that could potentially impact revenues and profitability are difficult to predict. The Company assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results express or implied therein will not be realized.

**For more information contact:**

David P. Tusa  
Executive Vice President, Chief Financial  
Officer & Business Development  
Phone: (713) 660-3514  
Email: dtusa@sharpsinc.com

**- OR -**

Deborah Pawlowski  
Kei Advisors LLC  
Investor Relations  
Phone:(716) 843-3908  
Email: dpawlowski@keiadvisors.com