

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549AMENDMENT NO. 1
TO
FORM S-1REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933STERICYCLE, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE	4953	36-3640402
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1419 LAKE COOK ROAD, SUITE 410
DEERFIELD, ILLINOIS 60015
(847) 945-6550
(Address, including zip code, and telephone number, including
area code, of Registrant's principal executive offices)MARK C. MILLER
PRESIDENT AND CHIEF EXECUTIVE OFFICER
STERICYCLE, INC.
1419 LAKE COOK ROAD, SUITE 410
DEERFIELD, ILLINOIS 60015
(847) 945-6550
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

COPIES TO:

Craig P. Colmar, Esq.
Michael Bonn, Esq.
Johnson and Colmar
300 South Wacker Drive
Chicago, Illinois 60606Geoffrey E. Liebmann, Esq.
Cahill Gordon & Reindel
80 Pine Street
New York, New York 10005APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.If any of the securities being registered on this Form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, check the following box. / /If this Form is filed to register additional securities for an offering
pursuant to Rule 426(b) under the Securities Act, please check the following box
and list the Securities Act registration statement number of the earlier
effective registration statement for the same offering. / /If this Form is a post-effective amendment filed pursuant to Rule 462(c)
under the Securities Act, check the following box and list the Securities Act
registration Statement number of the earlier effective registration statement
for the same offering. / /If delivery of the prospectus is expected to be made pursuant to Rule 434,
please check the following box. / /THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR
DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL
FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION
STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF
THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME
EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SUCH SECTION 8(A),
MAY DETERMINE.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
1.1**	Form of Underwriting Agreement.
3.1*	Certificate of Incorporation of the Registrant, as currently in effect.
3.5*	By-Laws of the Registrant, as currently in effect.
4.1**	Specimen Common Stock Certificate.
4.2*	Form of Common Stock Purchase Warrant in connection with July 1995 line of credit.
4.3**	Form of Common Stock Purchase Warrant in connection with May 1996 short-term loan.
4.4*	Amended and Restated Registration Agreement dated October 19, 1994 between the Registrant and certain of its stockholders, and related First Amendment dated September 30, 1995.
5.1**	Opinion of Johnson and Colmar.
10.1**	Incentive Compensation Plan and form of employee stock agreement.
10.2**	Directors Stock Option Plan
10.3	Loan and Security Agreement dated October 31, 1995 between the Registrant and Silicon Valley Bank, and related Amendments dated March 12, 1996 and June 4, 1996.
10.4	Guaranty Agreement dated June 1, 1992 among the Registrant, Fleet National Bank, as Trustee, and Rhode Island Industrial-Recreational Building Authority, and related Regulatory Agreement dated June 1, 1992 between the Registrant and the Rhode Island Industrial-Recreational Building Authority.
10.5+	Radio-Frequency Heating Technology License Agreement dated November 10, 1995 between the Registrant and IIT Research Institute.
10.6+	Alliance Agreement dated October 12, 1993 between the Registrant and Baxter Healthcare Corporation.
10.7+	Agreement dated May 6, 1994 between the Registrant and SAGE Products, Inc., and related letter agreement dated November 7, 1995.
10.8*	Office Lease dated December 26, 1991 between the Registrant and American National Bank and Trust Company of Chicago, as Trustee under Trust No. 57661, relating to the Registrant's Deerfield, Illinois office space.
10.9	Standard Form Industrial Lease dated October 1, 1991 between the Registrant and General American Life Insurance Registrant, relating to the Registrant's Loma Linda, California treatment facility.
10.10*	Lease dated June 1, 1992 between the Registrant and Rhode Island Industrial Facilities Corporation, relating to the Registrant's Woonsocket, Rhode Island treatment facility.
10.11	Lease dated February 25, 1992 between the Registrant and EML Associates, relating to the Registrant's San Leandro, California transfer station.
10.12	Master Lease Agreement dated February 11, 1994 between the Registrant and Ziegler Leasing Corporation, relating to the machinery and equipment at the Registrant's Yorkville, Wisconsin treatment facility

EXHIBIT NO.	DESCRIPTION
10.13	Master Lease Agreement dated March 14, 1991 between the Registrant and LINC Venture Lease Partners II, L.P., and related Equipment Schedule dated January 1, 1996, relating to the machinery and equipment at the Registrant's West Memphis, Arkansas recycling and research development facility, its San Leandro, California transfer station, and its Morton, Washington treatment facility.
10.14*	State of Rhode Island and Providence Plantations Consent Agreement dated August 22, 1995 between the Registrant and the Rhode Island Department of Environmental Management.
10.15+	Interim Agreement dated June 28, 1996 between the Registrant and a Brazilian company.
21.1*	Subsidiaries.
23.1	Consent of Ernst & Young LLP.
23.2**	Consent of Johnson and Colmar.
24.1*	Power of Attorney.

* Previously filed.

** To be filed by amendment.

+ Confidential treatment requested.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Village of Deerfield, State of Illinois, on July 12, 1996.

STERICYCLE, INC.

By: /s/ MARK C. MILLER

Mark C. Miller
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

NAME	TITLE	DATE
* ----- Jack W. Schuler	Chairman of the Board of Directors	July 12, 1996
/s/ MARK C. MILLER ----- Mark C. Miller	President, Chief Executive Officer and a Director (Principal Executive Officer)	July 12, 1996
* ----- James F. Polark	Vice President, Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	July 12, 1996
* ----- Patrick F. Graham	Director	July 12, 1996
* ----- John Patience	Director	July 12, 1996
* ----- Lloyd D. Ruth	Director	July 12, 1996
* ----- L. John Wilkerson, Ph.D.	Director	July 12, 1996
* ----- Peter Vardy	Director	July 12, 1996
*By /s/ MARK C. MILLER ----- Mark C. Miller ATTORNEY-IN-FACT		

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[LOGO]

SILICON VALLEY BANK

LOAN AND SECURITY AGREEMENT

BORROWER: STERICYCLE, INC.
ADDRESS: 1419 LAKE COOK ROAD SUITE 410
DEERFIELD, ILLINOIS 60015

DATE: OCTOBER 31, 1995

THIS LOAN AND SECURITY AGREEMENT is entered into on the above date between SILICON VALLEY BANK COMMERCIAL FINANCE DIVISION ("Silicon"), whose address is 3003 Tasman Drive, Santa Clara, California 95054 and the borrower(s) named above (jointly and severally, the "Borrower"), whose chief executive office is located at the above address ("Borrower's Address"). The Schedule to this Agreement (the "Schedule") shall for all purposes be deemed to be a part of this Agreement, and the same is an integral part of this Agreement. (Definitions of certain terms used in this Agreement are set forth in Section 8 below.)

1. LOANS.

1.1 LOANS. Silicon will make loans to Borrower(the "Loans"), in amounts determined by Silicon in its sole discretion, up to the amounts (the "Credit Limit") shown on the Schedule, provided no Default or Event of Default has occurred and is continuing.

1.2 INTEREST. All Loans and all other monetary Obligations shall bear interest at the rate shown on the Schedule, except where expressly set forth to the contrary in this Agreement. Interest shall be payable monthly, on the last day of the month. Interest may, in Silicon's discretion, be charged to Borrower's loan account, and the same shall thereafter bear interest at the same rate as the other Loans. Silicon may, in its discretion, charge interest to Borrower's Deposit Accounts maintained with Silicon. Regardless of the amount of Obligations that may be outstanding from time to time, Borrower shall pay Silicon minimum monthly interest during the term of this Agreement in the amount set forth on the Schedule (the "Minimum Monthly Interest").

1.3 OVERADVANCES. If at any time or for any reason the total of all outstanding Loans and all other Obligations exceeds the Credit Limit (an "Overadvance"), Borrower shall immediately pay the amount of the excess to Silicon, without notice or demand. Without limiting Borrower's obligation to repay to Silicon on demand the amount of any Overadvance, Borrower agrees to pay Silicon interest on the outstanding amount of any Overadvance, on demand, at a rate equal to the interest rate which would otherwise be applicable to the Overadvance, plus an additional 2% per annum.

1.4 FEES. Borrower shall pay Silicon the fee(s) shown on the Schedule, which are in addition to all interest and other sums payable to Silicon and are not refundable.

1.5 LETTERS OF CREDIT. At the request of Borrower, Silicon may, in its sole discretion, issue or arrange for the issuance of letters of credit for the account of Borrower, in each case in form and substance satisfactory to Silicon in its sole discretion (collectively, "Letters of Credit"). The aggregate face amount of all outstanding Letters of Credit from time to time shall not exceed the amount shown on the Schedule (the "Letter of Credit Sublimit"), and shall be reserved against Loans which would otherwise be available hereunder. Borrower shall pay all bank charges (including charges of Silicon) for the issuance of Letters of Credit, together with such additional fee as Silicon's letter of credit department shall charge in connection with the issuance of the Letters of Credit. Any payment by Silicon under or in connection with a Letter of Credit shall constitute a Loan hereunder on the date such payment is made. Each Letter of Credit shall have an expiry date no later than thirty days prior to the Maturity Date. Borrower hereby agrees to indemnify, save, and hold Silicon harmless from any loss, cost, expense, or liability, including payments made by Silicon, expenses, and reasonable attorneys' fees incurred by Silicon arising out of or in connection with any Letters of Credit. Borrower agrees to be bound by the regulations and interpretations of the issuer of any Letters of Credit guaranteed by Silicon and opened for Borrower's account or by Silicon's interpretations of any Letter of Credit issued by Silicon for Borrower's account, and Borrower understands and agrees that Silicon shall not be liable for

any error, negligence, or mistake, whether of omission or commission, in following Borrower's instructions or those contained in the Letters of Credit or any modifications, amendments, or supplements thereto. Borrower understands that Letters of Credit may require Silicon to indemnify the issuing bank for certain costs or liabilities arising out of claims by Borrower against such issuing bank. Borrower hereby agrees to indemnify and hold Silicon harmless with respect to any loss, cost, expense, or liability incurred by Silicon under any Letter of Credit as a result of Silicon's indemnification of any such issuing bank. The provisions of this Loan Agreement, as it pertains to Letters of Credit, and any other present or future documents or agreements between Borrower and Silicon relating to Letters of Credit are cumulative.

2. SECURITY INTEREST.

2.1 SECURITY INTEREST. To secure the payment and performance of all of the Obligations when due, Borrower hereby grants to Silicon a security interest in all of Borrower's interest in the following, whether now owned or hereafter acquired, and wherever located (collectively, the "Collateral"): All Inventory, Equipment, Receivables, and General Intangibles, including, without limitation, all of Borrower's Deposit Accounts, and all money, and all property now or at any time in the future in Silicon's possession (including claims and credit balances), and all proceeds (including proceeds of any insurance policies, proceeds of proceeds and claims against third parties), all products and all books and records related to any of the foregoing (all of the foregoing, together with all other property in which Silicon may now or in the future be granted a lien or security interest is referred to herein, collectively, as the "Collateral").

3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE BORROWER.

In order to induce Silicon to enter into this Agreement and to make Loans, Borrower represents and warrants to Silicon as follows, and Borrower covenants that the following representations will continue to be true, and that Borrower will at all times comply with all of the following covenants:

3.1 CORPORATE EXISTENCE AND AUTHORITY. Borrower, if a corporation, is and will continue to be, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation. Borrower is and will continue to be qualified and licensed to do business in all jurisdictions in which any failure to do so would have a material adverse effect on Borrower. The execution, delivery and performance by Borrower of this Agreement, and all other documents contemplated hereby (i) have been duly and validly authorized, (ii) are enforceable against Borrower in accordance with their terms (except as enforcement may be limited by equitable principles and by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to creditors' rights, generally), and (iii) do not violate Borrower's articles or certificate of incorporation, or Borrower's by-laws, or any law or any material agreement or instrument which is binding upon Borrower or its property, and (iv) do not constitute grounds for acceleration of any material indebtedness or obligation under any material agreement or instrument which is binding upon Borrower or its property.

3.2 NAME; TRADE NAMES AND STYLES. The name of Borrower set forth in the heading to this Agreement is its correct name. Listed on the Schedule are all prior names of Borrower and all of Borrower's present and prior trade names. Borrower shall give Silicon 30 days' prior written notice before changing its name or doing business under any other name. Borrower has complied, and will in the future comply, with all laws relating to the conduct of business under a fictitious business name.

3.3 PLACE OF BUSINESS; LOCATION OF COLLATERAL. The address set forth in the heading to this Agreement is Borrower's chief executive office. In addition, Borrower has places of business and Collateral is located only at the locations set forth on the Schedule. Borrower will give Silicon at least 30 days prior written notice before opening any additional place of business, changing its chief executive office, or moving any of the Collateral to a location other than Borrower's Address or one of the locations set forth on the Schedule.

3.4 TITLE TO COLLATERAL; PERMITTED LIENS. Borrower is now, and will at all times in the future be, the sole owner of all the Collateral, except for items of Equipment which are leased by Borrower. The Collateral now is and will remain free and clear of any and all liens, charges, security interests, encumbrances and adverse claims, except for Permitted Liens. Silicon now has, and will continue to have, a first-priority perfected and enforceable security interest in all of the Collateral, subject only to the Permitted Liens, and Borrower will at all times defend Silicon and the Collateral against all claims of others. None of the Collateral now is or will be affixed to any real property in such a manner, or with such intent, as to become a fixture. Borrower is not and will not become a lessee under any real property lease pursuant to which the lessor may obtain any rights in any of the Collateral and no such lease now prohibits, restrains, impairs or will prohibit, restrain or impair Borrower's right to remove any Collateral from the leased premises. Whenever any Collateral is located upon premises in which any third party has an interest (whether as owner, mortgagee, beneficiary under a deed of trust, lien or otherwise), Borrower shall, whenever requested by Silicon, use its best efforts to cause such third party to execute and deliver to Silicon, in form acceptable to Silicon, such waivers and subordinations as Silicon shall specify, so as to ensure that Silicon's rights in the Collateral are, and will continue to be, superior to the rights of any such third party. Borrower will keep in full force and effect, and will comply with all the terms of, any lease of real property where any of the Collateral now or in the future may be located.

3.5 MAINTENANCE OF COLLATERAL. Borrower will maintain the Collateral in

good working condition, and Borrower will not use the Collateral for any unlawful

purpose. Borrower will immediately advise Silicon in writing of any material loss or damage to the Collateral.

3.6 BOOKS AND RECORDS. Borrower has maintained and will maintain at Borrower's Address complete and accurate books and records, comprising an accounting system in accordance with generally accepted accounting principles.

3.7 FINANCIAL CONDITION, STATEMENTS AND REPORTS. ALL financial statements now or in the future delivered to Silicon have been, and will be, prepared in conformity with generally accepted accounting principles and now and in the future will completely and accurately reflect the financial condition of Borrower, at the times and for the periods therein stated. Between the last date covered by any such statement provided to Silicon and the date hereof, there has been no material adverse change in the financial condition or business of Borrower. Borrower is now and will continue to be solvent.

3.8 TAX RETURNS AND PAYMENTS; PENSION CONTRIBUTIONS. Borrower has timely filed, and will timely file, all tax returns and reports required by foreign, federal, state and local law, and Borrower has timely paid, and will timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions now or in the future owed by Borrower. Borrower may, however, defer payment of any contested taxes, provided that Borrower (i) in good faith contests Borrower's obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (ii) notifies Silicon in writing of the commencement of, and any material development in, the proceedings, and (iii) posts bonds or takes any other steps required to keep the contested taxes from becoming a lien upon any of the Collateral. Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower. Borrower has paid, and shall continue to pay all amounts necessary to fund all present and future pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not and will not withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any such plan which could result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency. Borrower shall, at all times, utilize the services of an outside payroll service providing for the automatic deposit of all payroll taxes payable by Borrower.

3.9 COMPLIANCE WITH LAW. Borrower has complied, and will comply, in all material respects, with all provisions of all foreign, federal, state and local laws and regulations relating to Borrower, including, but not limited to, those relating to Borrower's ownership of real or personal property, the conduct and licensing of Borrower's business, and all environmental matters.

3.10 LITIGATION. Except as disclosed in the Schedule, there is no claim, suit, litigation, proceeding or investigation pending or (to best of Borrower's knowledge) threatened by or against or affecting Borrower in any court or before any governmental agency (or any basis therefor known to Borrower) which may result, either separately or in the aggregate, in any material adverse change in the financial condition or business of Borrower, or in any material impairment in the ability of Borrower to carry on its business in substantially the same manner as it is now being conducted. Borrower will promptly inform Silicon in writing of any claim, proceeding, litigation or investigation in the future threatened or instituted by or against Borrower involving any single claim of \$50,000 or more, or involving \$ 100,000 or more in the aggregate.

3.11 USE OF PROCEEDS. All proceeds of all Loans shall be used solely for lawful business purposes. Borrower is not purchasing or carrying any "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System) and no part of the proceeds of any Loan will be used to purchase or carry any "margin stock" or to extend credit to others for the purpose of purchasing or carrying any "margin stock."

4. RECEIVABLES.

4.1 REPRESENTATIONS RELATING TO RECEIVABLES. Borrower represents and warrants to Silicon as follows: Each Receivable with respect to which Loans are requested by Borrower shall, on the date each Loan is requested and made, (i) represent an undisputed bona fide existing unconditional obligation of the Account Debtor created by the sale, delivery, and acceptance of goods or the rendition of services in the ordinary course of Borrower's business, and (ii) meet the Minimum Eligibility Requirements set forth in Section 8 below.

4.2 REPRESENTATIONS RELATING TO DOCUMENTS AND LEGAL COMPLIANCE. Borrower represents and warrants to Silicon as follows: All statements made and all unpaid balances appearing in all invoices, instruments and other documents evidencing the Receivables are and shall be true and correct and all such invoices, instruments and other documents and all of Borrower's books and records are and shall be genuine and in all respects what they purport to be, and all signatories and endorers have the capacity to contract. All sales and other transactions underlying or giving rise to each Receivable shall fully comply with all applicable laws and governmental rules and regulations. All signatures and endorsements on all documents, instruments, and agreements relating to all Receivables are and shall be genuine, and all such documents, instruments and agreements are and shall be legally enforceable in accordance with their terms.

4.3 SCHEDULES AND DOCUMENTS RELATING TO RECEIVABLES. Borrower shall deliver to Silicon transaction reports and loan requests, schedules and assignments of all Receivables, and schedules of collections, all on Silicon's

standard forms; provided, however, that Borrower's failure to execute and deliver the same shall not affect or limit Silicon's security interest and other rights in all of Borrower's Receivables, nor shall Silicon's failure to advance or lend against a specific Receivable affect or limit

Silicon's security interest and other rights therein. Loan requests received after 2:30 PM will not be considered by Silicon until the next Business Day. Together with each such schedule and assignment, or later if requested by Silicon, Borrower shall furnish Silicon with copies (or, at Silicon's request, originals) of all contracts, orders, invoices, and other similar documents, and all original shipping instructions, delivery receipts, bills of lading, and other evidence of delivery, for any goods the sale or disposition of which gave rise to such Receivables, and Borrower warrants the genuineness of all of the foregoing. Borrower shall also furnish to Silicon an aged accounts receivable trial balance in such form and at such intervals as Silicon shall request. In addition, Borrower shall deliver to Silicon the originals of all instruments, chattel paper, security agreements, guarantees and other documents and property evidencing or securing any Receivables, immediately upon receipt thereof and in the same form as received, with all necessary endorsements, all of which shall be with recourse. Borrower shall also provide Silicon with copies of all credit memos within two days after the date issued.

4.4 COLLECTION OF RECEIVABLES. Borrower shall have the right to collect all Receivables, unless and until a Default or an Event of Default has occurred. Borrower shall hold all payments on, and proceeds of, Receivables in trust for Silicon, and Borrower shall immediately deliver all such payments and proceeds to Silicon in their original form, duly endorsed in blank, to be applied to the Obligations in such order as Silicon shall determine. Silicon may, in its discretion, require that all proceeds of Collateral be deposited by Borrower into a lockbox account, or such other "blocked account" as Silicon may specify, pursuant to a blocked account agreement in such form as Silicon may specify. Silicon or its designee may, at any time, notify Account Debtors that the Receivables have been assigned to Silicon.

4.5. REMITTANCE OF PROCEEDS. All proceeds arising from the disposition of any Collateral shall be delivered, in kind, by Borrower to Silicon in the original form in which received by Borrower not later than the following Business Day after receipt by Borrower, to be applied to the Obligations in such order as Silicon shall determine; provided that, if no Default or Event of Default has occurred, Borrower shall not be obligated to remit to Silicon the proceeds of the sale of worn out or obsolete equipment disposed of by Borrower in good faith in an arm's length transaction for an aggregate purchase price of \$25,000 or less (for all such transactions in any fiscal year). Borrower agrees that it will not commingle proceeds of Collateral with any of Borrower's other funds or property, but will hold such proceeds separate and apart from such other funds and property and in an express trust for Silicon. Nothing in this Section limits the restrictions on disposition of Collateral set forth elsewhere in this Agreement.

4.6 DISPUTES. Borrower shall notify Silicon promptly of all disputes or claims relating to Receivables. Borrower shall not forgive (completely or partially), compromise or settle any Receivable for less than payment in full, or agree to do any of the foregoing, except that Borrower may do so, provided that: (i) Borrower does so in good faith, in a commercially reasonable manner, in the ordinary course of business, and in arm's length transactions, which are reported to Silicon on the regular reports provided to Silicon; (ii) no Default or Event of Default has occurred and is continuing; and (iii) taking into account all such discounts settlements and forgiveness, the total outstanding Loans will not exceed the Credit Limit. Silicon may, at any time after the occurrence of an Event of Default, settle or adjust disputes or claims directly with Account Debtors for amounts and upon terms which Silicon considers advisable in its reasonable credit judgment and, in all cases, Silicon shall credit Borrower's Loan account with only the net amounts received by Silicon in payment of any Receivables.

4.7 RETURNS. Provided no Event of Default has occurred and is continuing, if any Account Debtor returns any Inventory to Borrower in the ordinary course of its business, Borrower shall promptly determine the reason for such return and promptly issue a credit memorandum to the Account Debtor in the appropriate amount (sending a copy to Silicon). In the event any attempted return occurs after the occurrence of any Event of Default, Borrower shall, (i) hold the returned Inventory in trust for Silicon, (ii) segregate all returned Inventory from all of Borrower's other property, (iii) conspicuously label the returned Inventory as Silicon's property, and (iv) immediately notify Silicon of the return of any Inventory, specifying the reason for such return, the location and condition of the returned Inventory, and on Silicon's request deliver such returned Inventory to Silicon.

4.8 VERIFICATION. Silicon may, from time to time, verify directly with the respective Account Debtors the validity, amount and other matters relating to the Receivables, by means of mail, telephone or otherwise, either in the name of Borrower or Silicon or such other name as Silicon may choose.

4.9 NO LIABILITY. Silicon shall not under any circumstances be responsible or liable for any shortage or discrepancy in, damage to, or loss or destruction of, any goods, the sale or other disposition of which gives rise to a Receivable, or for any error, act, omission, or delay of any kind occurring in the settlement, failure to settle, collection or failure to collect any Receivable, or for settling any Receivable in good faith for less than the full amount thereof, nor shall Silicon be deemed to be responsible for any of Borrower's obligations under any contract or agreement giving rise to a Receivable. Nothing herein shall, however, relieve Silicon from liability for its own gross negligence or willful misconduct.

5. ADDITIONAL DUTIES OF THE BORROWER.

5.1 FINANCIAL AND OTHER COVENANTS. Borrower shall at all times comply with the financial and other covenants set forth in the Schedule.

5.2 INSURANCE. Borrower shall, at all times insure all of the tangible personal property Collateral and carry such other business insurance, with insurers reasonably acceptable to Silicon, in such form and amounts as Silicon may reasonably require, and Borrower shall provide evidence of such insurance to Silicon, so that Silicon is satisfied that such insurance is, at all times, in full force and effect. All such insurance policies shall name Silicon as an additional loss payee, and shall contain a lenders loss payee endorsement in form reasonably acceptable to Silicon. Upon receipt of the proceeds of any such insurance, Silicon shall apply such proceeds in reduction of the Obligations as Silicon shall determine in its sole discretion, except that, provided no Default or Event of Default has occurred and is continuing, Silicon shall release to Borrower insurance proceeds with respect to Equipment totaling less than \$100,000, which shall be utilized by Borrower for the replacement of the Equipment with respect to which the insurance proceeds were paid. Silicon may require reasonable assurance that the insurance proceeds so released will be so used. If Borrower fails to provide or pay for any insurance, Silicon may, but is not obligated to, obtain the same at Borrower's expense. Borrower shall promptly deliver to Silicon copies of all reports made to insurance companies.

5.3 REPORTS. Borrower, at its expense, shall provide Silicon with the written reports set forth in the Schedule, and such other written reports with respect to Borrower (including budgets, sales promotions, operating plans and other financial documentation), as Silicon shall from time to time reasonably specify.

5.4 ACCESS TO COLLATERAL, BOOKS AND RECORDS. At reasonable times, and on one Business Day's notice, Silicon, or its agents, shall have the right to inspect the Collateral, and the right to audit and copy Borrower's books and records. Silicon shall take reasonable steps to keep confidential all information obtained in any such inspection or audit, but Silicon shall have the right to disclose any such information to its auditors, regulatory agencies, and attorneys, and pursuant to any subpoena or other legal process. The foregoing inspections and audits shall be at Borrower's expense and the charge therefor shall be \$500 per person per day (or such higher amount as shall represent Silicon's then current standard charge for the same), plus reasonable out of pocket expenses. Borrower will not enter into any agreement with any accounting firm, service bureau or third party to store Borrower's books or records at any location other than Borrower's Address, without first obtaining Silicon's written consent, which may be conditioned upon such accounting firm, service bureau or other third party agreeing to give Silicon the same rights with respect to access to books and records and related rights as Silicon has under this Loan Agreement. Borrower waives the benefit of any accountant-client privilege or other evidentiary privilege precluding or limiting the disclosure, divulgence or delivery of any of its books and records (except that Borrower does not waive any attorney-client privilege).

5.5 NEGATIVE COVENANTS. Except as may be permitted in the Schedule, Borrower shall not, without Silicon's prior written consent, do any of the following: (i) merge or consolidate with another corporation or entity; (ii) acquire any assets, except in the ordinary course of business; (iii) enter into any other transaction outside the ordinary course of business; (iv) sell or transfer any Collateral, except for the sale of finished Inventory in the ordinary course of Borrower's business, and except for the sale of obsolete or unneeded Equipment in the ordinary course of business; (v) store any Inventory or other Collateral with any warehouseman or other third party; (vi) sell any Inventory on a sale-or-return, guaranteed sale, consignment, or other contingent basis; (vii) make any loans of any money or other assets; (viii) incur any debts, outside the ordinary course of business, which would have a material, adverse effect on Borrower or on the prospect of repayment of the Obligations; (ix) guarantee or otherwise become liable with respect to the obligations of another party or entity; (x) pay or declare any dividends on Borrower's stock (except for dividends payable solely in stock of Borrower); (xi) redeem, retire, purchase or otherwise acquire, directly or indirectly, any of Borrower's stock; (xii) make any change in Borrower's capital structure which would have a material adverse effect on Borrower or on the prospect of repayment of the Obligations; or (xiii) pay total compensation, including salaries, fees, bonuses, commissions, and all other payments, whether directly or indirectly, in money or otherwise, to Borrower's executives, officers and directors (or any relative thereof) in an amount in excess of the amount set forth on the Schedule; or (xiv) dissolve or elect to dissolve. Transactions permitted by the foregoing provisions of this Section are only permitted if no Default or Event of Default would occur as a result of such transaction.

5.6 LITIGATION COOPERATION. Should any third-party suit or proceeding be instituted by or against Silicon with respect to any Collateral or in any manner relating to Borrower, Borrower shall, without expense to Silicon, make available Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Silicon may deem them reasonably necessary in order to prosecute or defend any such suit or proceeding.

5.7 FURTHER ASSURANCES. Borrower agrees, at its expense, on request by Silicon, to execute all documents and take all actions, as Silicon, may deem reasonably necessary or useful in order to perfect and maintain Silicon's perfected security interest in the Collateral, and in order to fully consummate the transactions contemplated by this Agreement.

6. TERM.

6.1 MATURITY DATE. This Agreement shall continue in effect until the maturity date set forth on the Schedule (the "Maturity Date"); provided that the Maturity date shall automatically be extended, and this Agreement shall automatically and continuously renew, for successive additional terms of one

year each, unless one party gives written notice to the other, not less than
sixty days prior to

the next Maturity. Date, that such party elects to terminate this Agreement effective on the next Maturity Date.

6.2 EARLY TERMINATION. This Agreement may be terminated prior to the Maturity Date as follows: (i) by Borrower, effective three Business Days after written notice of termination is given to Silicon; or (ii) by Silicon at any time after the occurrence of an Event of Default, without notice, effective immediately. If this Agreement is terminated by Borrower or by Silicon under this Section 6.2, Borrower shall pay to Silicon the Termination Fee shown on the Schedule. The termination fee shall be due and payable on the effective date of termination and thereafter shall bear interest at a rate equal to the highest rate applicable to any of the Obligations.

6.3 PAYMENT OF OBLIGATIONS. On the Maturity Date or on any earlier effective date of termination, Borrower shall pay and perform in full all Obligations, whether evidenced by installment notes or otherwise, and whether or not all or any part of such Obligations are otherwise then due and payable. Without limiting the generality of the foregoing, if on the Maturity Date, or on any earlier effective date of termination, there are any outstanding Letters of Credit issued by Silicon or issued by another institution based upon an application, guarantee, indemnity or similar agreement on the part of Silicon, then on such date Borrower shall provide to Silicon cash collateral in an amount equal to the face amount of all such Letters of Credit plus all interest, fees and cost due or to become due in connection therewith, to secure all of the Obligations relating to said Letters of Credit, pursuant to Silicon's then standard form cash pledge agreement. Notwithstanding any termination of this Agreement, all of Silicon's security interests in all of the Collateral and all of the terms and provisions of this Agreement shall continue in full force and effect until all Obligations have been paid and performed in full; provided that without limiting the fact that Loans are subject to the discretion of Silicon, Silicon may, in its sole discretion, refuse to make any further Loans after termination. No termination shall in any way affect or impair any right or remedy of Silicon, nor shall any such termination relieve Borrower of any Obligation to Silicon, until all of the Obligations have been paid and performed in full. Upon payment and performance in full of all the Obligations and termination of this Agreement, Silicon shall promptly deliver to Borrower termination statements, requests for reconveyances and such other documents as may be required to fully terminate Silicon's security interests.

7. EVENTS OF DEFAULT AND REMEDIES.

7.1 EVENTS OF DEFAULT. The occurrence of any of the following events shall constitute an "Event of Default" under this Agreement, and Borrower shall give Silicon immediate written notice thereof: (a) Any warranty, representation, statement, report or certificate made or delivered to Silicon by Borrower or any of Borrower's officers, employees or agents, now or in the future, shall be untrue or misleading in a material respect; or (b) Borrower shall fail to pay when due any Loan or any interest thereon or any other monetary Obligation; or (c) the total Loans and other Obligations outstanding at any time shall exceed the Credit Limit; or (d) Borrower shall fail to comply with any of the financial covenants set forth in the Schedule or shall fail to perform any other nonmonetary Obligation which by its nature cannot be cured; or (e) Borrower shall fail to perform any other nonmonetary Obligation, which failure is not cured within 5 Business Days after the date due; or (f) Any levy, assessment, attachment, seizure, lien or encumbrance (other than a Permitted Lien) is made on all or any part of the Collateral which is not cured within 10 days after the occurrence of the same; or (g) any default or event of default occurs under any obligation secured by a Permitted Lien, which is not cured within any applicable cure period or waived in writing by the holder of the Permitted Lien; or (h) Borrower breaches any material contract or obligation, which has or may reasonably be expected to have a material adverse effect on Borrower's business or financial condition; or (i) Dissolution, termination of existence, insolvency or business failure of Borrower; or appointment of a receiver, trustee or custodian, for all or any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding by Borrower under any reorganization, bankruptcy, insolvency, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, now or in the future in effect; or (j) the commencement of any proceeding against Borrower or any guarantor of any of the Obligations under any reorganization, bankruptcy, insolvency, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, now or in the future in effect, which is not cured by the dismissal thereof within 30 days after the date commenced; or (k) revocation or termination of, or limitation or denial of liability upon, any guaranty of the Obligations or any attempt to do any of the foregoing, or commencement of proceedings by any guarantor of any of the Obligations under any bankruptcy or insolvency law; or (l) revocation or termination of, or limitation or denial of liability upon, any pledge of any certificate of deposit, securities or other property or asset of any kind pledged by any third party to secure any or all of the Obligations, or any attempt to do any of the foregoing, or commencement of proceedings by or against any such third party under any bankruptcy or insolvency law; or (m) Borrower makes any payment on account of any indebtedness or obligation which has been subordinated to the Obligations other than as permitted in the applicable subordination agreement, or if any Person who has subordinated such indebtedness or obligations terminates or in any way limits his subordination agreement; or (n) there shall be a change in the record or beneficial ownership of an aggregate of more than 20% of the outstanding shares of stock of Borrower, in one or more transactions, compared to the ownership of outstanding shares of stock of Borrower in effect on the date hereof, without the prior written consent of Silicon; or (o) Borrower shall generally not pay its debts as they become due, or Borrower shall conceal, remove or transfer any part of its property, with intent to hinder, delay or defraud its creditors, or make or suffer any transfer of any of its

property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or (p) there shall be a material adverse change in Borrower's business or financial condition or there shall occur any revocation or termination of any of Borrower's governmental permits, licenses or entitlements which has, or can reasonably be expected to have, a material adverse effect on Borrower; or (q) Silicon, acting in good faith and in a commercially reasonable manner, deems itself insecure because of the occurrence of an event prior to the effective date hereof of which Silicon had no knowledge on the effective date or because of the occurrence of an event on or subsequent to the effective date. Silicon may cease making any Loans hereunder during any of the above cure periods, and thereafter if an Event of Default has occurred.

7.2 REMEDIES. Upon the occurrence of any Event of Default, and at any time thereafter, Silicon, at its option, and without notice or demand of any kind (all of which are hereby expressly waived by Borrower), may do any one or more of the following: (a) Cease making Loans or otherwise extending credit to Borrower under this Agreement or any other document or agreement; (b) Accelerate and declare all or any part of the Obligations to be immediately due, payable, and performable, notwithstanding any deferred or installment payments allowed by any instrument evidencing or relating to any Obligation; (c) Take possession of any or all of the Collateral wherever it may be found, and for that purpose Borrower hereby authorizes Silicon without judicial process to enter onto any of Borrower's premises without interference to search for, take possession of, keep, store, or remove any of the Collateral, and remain on the premises or cause a custodian to remain on the premises in exclusive control thereof, without charge for so long as Silicon deems it reasonably necessary in order to complete the enforcement of its rights under this Agreement or any other agreement; provided, however, that should Silicon seek to take possession of any of the Collateral by Court process, Borrower hereby irrevocably waives: (i) any bond and any surety or security relating thereto required by any statute, court rule or otherwise as an incident to such possession; (ii) any demand for possession prior to the commencement of any suit or action to recover possession thereof; and (iii) any requirement that Silicon retain possession of, and not dispose of, any such Collateral until after trial or final judgment; (d) Require Borrower to assemble any or all of the Collateral and make it available to Silicon at places designated by Silicon which are reasonably convenient to Silicon and Borrower, and to remove the Collateral to such locations as Silicon may deem advisable; (e) Complete the processing, manufacturing or repair of any Collateral prior to a disposition thereof and, for such purpose and for the purpose of removal, Silicon shall have the right to use Borrower's premises, vehicles, hoists, lifts, cranes, equipment and all other property without charge; (f) Sell, lease or otherwise dispose of any of the Collateral, in its condition at the time Silicon obtains possession of it or after further manufacturing, processing or repair, at one or more public and/or private sales, in lots or in bulk, for cash, exchange or other property, or on credit, and to adjourn any such sale from time to time without notice other than oral announcement at the time scheduled for sale. Silicon shall have the right to conduct such disposition on Borrower's premises without charge, for such time or times as Silicon deems reasonable, or on Silicon's premises, or elsewhere and the Collateral need not be located at the place of disposition. Silicon may directly or through any affiliated company purchase or lease any Collateral at any such public disposition, and if permissible under applicable law, at any private disposition. Any sale or other disposition of Collateral shall not relieve Borrower of any liability Borrower may have if any Collateral is defective as to title or physical condition or otherwise at the time of sale; (g) Demand payment of, and collect any Receivables and General Intangibles comprising Collateral and, in connection therewith, Borrower irrevocably authorizes Silicon to endorse or sign Borrower's name on all collections, receipts, instruments and other documents, to take possession of and open mail addressed to Borrower and remove therefrom payments made with respect to any item of the Collateral or proceeds thereof, and, in Silicon's sole discretion, to grant extensions of time to pay, compromise claims and settle Receivables and the like for less than face value; (h) Offset against any sums in any of Borrower's general, special or other Deposit Accounts with Silicon; and (i) Demand and receive possession of any of Borrower's federal and state income tax returns and the books and records utilized in the preparation thereof or referring thereto. All reasonable attorneys' fees, expenses, costs, liabilities and obligations incurred by Silicon with respect to the foregoing shall be added to and become part of the Obligations, shall be due on demand, and shall bear interest at a rate equal to the highest interest rate applicable to any of the Obligations. Without limiting any of Silicon's rights and remedies, from and after the occurrence of any Event of Default, the interest rate applicable to the Obligations shall be increased by an additional four percent per annum.

7.3 STANDARDS FOR DETERMINING COMMERCIAL REASONABLENESS. Borrower and Silicon agree that a sale or other disposition (collectively, "sale") of any Collateral which complies with the following standards will conclusively be deemed to be commercially reasonable: (i) Notice of the sale is given to Borrower at least seven days prior to the sale, and, in the case of a public sale, notice of the sale is published at least seven days before the sale in a newspaper of general circulation in the county where the sale is to be conducted; (ii) Notice of the sale describes the collateral in general, non-specific terms; (iii) The sale is conducted at a place designated by Silicon, with or without the Collateral being present; (iv) The sale commences at any time between 8:00 a.m. and 6:00 p.m.; (v) Payment of the purchase price in cash or by cashier's check or wire transfer is required; (vi) With respect to any sale of any of the Collateral, Silicon may (but is not obligated to) direct any prospective purchaser to ascertain directly from Borrower any and all information concerning the same. Silicon shall be free to employ

other methods of noticing and selling the Collateral, in its discretion, if they are commercially reasonable.

7.4 POWER OF ATTORNEY. Upon the occurrence of any Event of Default, without limiting Silicon's other rights and remedies, Borrower grants to Silicon an irrevocable power of attorney coupled with an interest, authorizing and permitting Silicon (acting through any of its employees, attorneys or agents) at any time, at its option, but without obligation, with or without notice to Borrower, and at Borrower's expense, to do any or all of the following, in Borrower's name or otherwise, but Silicon agrees to exercise the following powers in a commercially reasonable manner: (a) Execute on behalf of Borrower any documents that Silicon may, in its sole discretion, deem advisable in order to perfect and maintain Silicon's security interest in the Collateral, or in order to exercise a right of Borrower or Silicon, or in order to fully consummate all the transactions contemplated under this Agreement, and all other present and future agreements; (b) Execute on behalf of Borrower any document exercising, transferring or assigning any option to purchase, sell or otherwise dispose of or to lease (as lessor or lessee) any real or personal property which is part of Silicon's Collateral or in which Silicon has an interest; (c) Execute on behalf of Borrower, any invoices relating to any Receivable, any draft against any Account Debtor and any notice to any Account Debtor, any proof of claim in bankruptcy, any Notice of Lien, claim of mechanic's, materialman's or other lien, or assignment or satisfaction of mechanic's, materialman's or other lien; (d) Take control in any manner of any cash or non-cash items of payment or proceeds of Collateral; endorse the name of Borrower upon any instruments, or documents, evidence of payment or Collateral that may come into Silicon's possession; (e) Endorse all checks and other forms of remittances received by Silicon; (f) Pay, contest or settle any lien, charge, encumbrance, security interest and adverse claim in or to any of the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; (g) Grant extensions of time to pay, compromise claims and settle Receivables and General Intangibles for less than face value and execute all releases and other documents in connection therewith; (h) Pay any sums required on account of Borrower's taxes or to secure the release of any liens therefor, or both; (i) Settle and adjust, and give releases of, any insurance claim that relates to any of the Collateral and obtain payment therefor; (j) Instruct any third party having custody or control of any books or records belonging to, or relating to, Borrower to give Silicon the same rights of access and other rights with respect thereto as Silicon has under this Agreement; and (k) Take any action or pay any sum required of Borrower pursuant to this Agreement and any other present or future agreements. Any and all reasonable sums paid and any and all reasonable costs, expenses, liabilities, obligations and attorneys' fees incurred by Silicon with respect to the foregoing shall be added to and become part of the Obligations, shall be payable on demand, and shall bear interest at a rate equal to the highest interest rate applicable to any of the Obligations. In no event shall Silicon's rights under the foregoing power of attorney or any of Silicon's other rights under this Agreement be deemed to indicate that Silicon is in control of the business, management or properties of Borrower.

7.5 APPLICATION OF PROCEEDS. All proceeds realized as the result of any sale of the Collateral shall be applied by Silicon first to the reasonable costs, expenses, liabilities, obligations and attorneys' fees incurred by Silicon in the exercise of its rights under this Agreement, second to the interest due upon any of the Obligations, and third to the principal of the Obligations, in such order as Silicon shall determine in its sole discretion. Any surplus shall be paid to Borrower or other persons legally entitled thereto; Borrower shall remain liable to Silicon for any deficiency. If, Silicon, in its sole discretion, directly or indirectly enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Silicon shall have the option, exercisable at any time, in its sole discretion, of either reducing the Obligations by the principal amount of purchase price or deferring the reduction of the Obligations until the actual receipt by Silicon of the cash therefor.

7.6 REMEDIES CUMULATIVE. In addition to the rights and remedies set forth in this Agreement, Silicon shall have all the other rights and remedies accorded a secured party under the California Uniform Commercial Code and under all other applicable laws, and under any other instrument or agreement now or in the future entered into between Silicon and Borrower, and all of such rights and remedies and cumulative and none is exclusive. Exercise or partial exercise by Silicon of one or more of its rights or remedies shall not be deemed an election, nor bar Silicon from subsequent exercise or partial exercise of any other rights or remedies. The failure or delay of Silicon to exercise any rights or remedies shall not operate as a waiver thereof, but all rights and remedies shall continue in full force and effect until all of the Obligations have been fully paid and performed.

8. DEFINITIONS. As used in this Agreement, the following terms have the following meanings:

"ACCOUNT DEBTOR" means the obligor on a Receivable.

"AFFILIATE" means, with respect to any Person, a relative, partner, shareholder, director, officer, or employee of such Person, or any parent or subsidiary of such Person, or any Person controlling, controlled by or under common control with such Person.

"BUSINESS DAY" means a day on which Silicon is open for business.

"CODE" means the Uniform Commercial Code as adopted and in effect in the State of California from time to time.

"COLLATERAL" has the meaning set forth in Section 2.1 above.

"DEFAULT" means any event which with notice or passage of time or both, would constitute an Event of Default.

"DEPOSIT ACCOUNT" has the meaning set forth in Section 9105 of the Code.

"ELIGIBLE INVENTORY" [NOT APPLICABLE].

"ELIGIBLE RECEIVABLES" means Receivables arising in the ordinary course of Borrower's business from the sale of goods or rendition of services, which Silicon, in its sole judgment, shall deem eligible for borrowing, based on such considerations as Silicon may from time to time deem appropriate. Without limiting the fact that the determination of which Receivables are eligible for borrowing is a matter of Silicon's discretion, the following (the "MINIMUM ELIGIBILITY REQUIREMENTS") are the minimum requirements for a Receivable to be an Eligible Receivable: (i) the Receivable must not be outstanding for more than 90 days from its invoice date, (ii) the Receivable must not represent progress billings, or be due under a fulfillment or requirements contract with the Account Debtor, (iii) the Receivable must not be subject to any contingencies (including Receivables arising from sales on consignment, guaranteed sale or other terms pursuant to which payment by the Account Debtor may be conditional), (iv) the Receivable must not be owing from an Account Debtor with whom the Borrower has any dispute (whether or not relating to the particular Receivable), (v) the Receivable must not be owing from an Affiliate of Borrower, (vi) the Receivable must not be owing from an Account Debtor which is subject to any insolvency or bankruptcy proceeding, or whose financial condition is not acceptable to Silicon, or which, fails or goes out of a material portion of its business, (vii) the Receivable must not be owing from the United States or any department, agency or instrumentality thereof (unless there has been compliance, to Silicon's satisfaction, with the United States Assignment of Claims Act*), (viii) the Receivable must not be owing from an Account Debtor located outside the United States or Canada (unless pre-approved by Silicon in its discretion in writing, or backed by a letter of credit satisfactory to Silicon, or FCIA insured satisfactory to Silicon), (ix) the Receivable must not be owing from an Account Debtor to whom Borrower is or may be liable for goods purchased from such Account Debtor or otherwise. Receivables owing from one Account Debtor will not be deemed Eligible Receivables to the extent they exceed 25% of the total eligible Receivables outstanding. In addition, if more than 50% of the Receivables owing from an Account Debtor are outstanding more than 90 days from their invoice date (without regard to unapplied credits) or are otherwise not eligible Receivables, then all Receivables owing from that Account Debtor will be deemed ineligible for borrowing. Silicon may, from time to time, in its discretion, revise the Minimum Eligibility Requirements, upon written notice to the Borrower.

*EXCEPT THAT UP TO \$100,000 IN TOTAL RECEIVABLES OUTSTANDING AT ANY TIME, WHICH ARE OWING FROM VETERANS ADMINISTRATION HOSPITALS, MAY BE "ELIGIBLE RECEIVABLES" WITHOUT COMPLIANCE WITH THE UNITED STATES ASSIGNMENT OF CLAIMS ACT

"EQUIPMENT" means all of Borrower's present and hereafter acquired machinery, molds, machine tools, motors, furniture, equipment, furnishings, fixtures, trade fixtures, motor vehicles, tools, parts, dyes, jigs, goods and other tangible personal property (other than Inventory) of every kind and description used in Borrower's operations or owned by Borrower and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions or improvements to any of the foregoing, wherever located.

"EVENT OF DEFAULT" means any of the events set forth in Section 7.1 of this Agreement.

"GENERAL INTANGIBLES" means all general intangibles of Borrower, whether now owned or hereafter created or acquired by Borrower, including, without limitation, all choses in action, causes of action, corporate or other business records, Deposit Accounts, inventions, designs, drawings, blueprints, patents, patent applications, trademarks and the goodwill of the business symbolized thereby, names, trade names, trade secrets, goodwill, copyrights, registrations, licenses, franchises, customer lists, security and other deposits, rights in all litigation presently or hereafter pending for any cause or claim (whether in contract, tort or otherwise), and all judgments now or hereafter arising therefrom, all claims of Borrower against Silicon, rights to purchase or sell real or personal property, rights as a licensor or licensee of any kind, royalties, telephone numbers, proprietary information, purchase orders, and all insurance policies and claims (including without limitation life insurance, key man insurance, credit insurance, liability insurance, property insurance and other insurance), tax refunds and claims, computer programs, discs, tapes and tape files, claims under guaranties, security interests or other security held by or granted to Borrower, all rights to indemnification and all other intangible property of every kind and nature (other than Receivables).

"INVENTORY" means all of Borrower's now owned and hereafter acquired goods, merchandise or other personal property, wherever located, to be furnished under any contract of service or held for sale or lease (including without limitation all raw materials, work in process, finished goods and goods in transit), and all materials and supplies of every kind, nature and description which are or might be used or consumed in Borrower's business or used in connection with the manufacture, packing, shipping, advertising, selling or finishing of such goods, merchandise or other personal property, and all warehouse receipts, documents of title and other documents representing any of the foregoing.

"OBLIGATIONS" means all present and future Loans, advances, debts, liabilities, obligations, guaranties, covenants, duties and indebtedness at any time owing by Borrower to Silicon, whether evidenced by this Agreement or any

note or other instrument or document,

whether arising from an extension of credit, opening of a letter of credit, banker's acceptance, loan, guaranty, indemnification or otherwise, whether direct or indirect (including, without limitation, those acquired by assignment and any participation by Silicon in Borrower's debts owing to others), absolute or contingent, due or to become due, including, without limitation, all interest, charges, expenses, fees, attorney's fees, expert witness fees, audit fees, letter of credit fees, collateral monitoring fees, closing fees, facility fees, termination fees, minimum interest charges and any other sums chargeable to Borrower under this Agreement or under any other present or future instrument or agreement between Borrower and Silicon.

"PERMITTED LIENS" means the following: (i) purchase money security interests in specific items of Equipment; (ii) leases of specific items of Equipment; (iii) liens for taxes not yet payable; (iv) additional security interests and liens consented to in writing by Silicon, which consent shall not be unreasonably withheld; (v) security interests being terminated substantially concurrently with this Agreement; (vi) liens of materialmen, mechanics, warehousemen, carriers, or other similar liens arising in the ordinary course of business and securing obligations which are not delinquent; (vii) liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by liens of the type described above in clauses (i) or (ii) above, provided that any extension, renewal or replacement lien is limited to the property encumbered by the existing lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase; (viii) Liens in favor of customs and revenue authorities which secure payment of customs duties in connection with the importation of goods. Silicon will have the right to require, as a condition to its consent under subparagraph (iv) above, that the holder of the additional security interest or lien sign an intercreditor agreement on Silicon's then standard form, acknowledge that the security interest is subordinate to the security interest in favor of Silicon, and agree not to take any action to enforce its subordinate security interest so long as any Obligations remain outstanding, and that Borrower agree that any uncured default in any obligation secured by the subordinate security interest shall also constitute an Event of Default under this Agreement.

"PERSON" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, government, or any agency or political division thereof, or any other entity.

"RECEIVABLES" means all of Borrower's now owned and hereafter acquired accounts (whether or not earned by performance), letters of credit, contract rights, chattel paper, instruments, securities, documents and all other forms of obligations at any time owing to Borrower, all guaranties and other security therefor, all merchandise returned to or repossessed by Borrower, and all rights of stoppage in transit and all other rights or remedies of an unpaid vendor, lienor or secured party.

OTHER TERMS. All accounting terms used in this Agreement, unless otherwise indicated, shall have the meanings given to such terms in accordance with generally accepted accounting principles, consistently applied. All other terms contained in this Agreement, unless otherwise indicated, shall have the meanings provided by the Code, to the extent such terms are defined therein.

9. GENERAL PROVISIONS.

9.1 INTEREST COMPUTATION. In computing interest on the Obligations, all checks, wire transfers and other items of payment received by Silicon (including proceeds of Receivables and payment of the Obligations in full) shall be deemed applied by Silicon on account of the Obligations three Business Days after receipt by Silicon of immediately available funds, and, for purposes of the foregoing, any such funds received after 2:30 PM on any day shall be deemed received on the next Business Day. Silicon shall not, however, be required to credit Borrower's account for the amount of any item of payment which is unsatisfactory to Silicon in its sole discretion, and Silicon may charge Borrower's loan account for the amount of any item of payment which is returned to Silicon unpaid.

9.2 APPLICATION OF PAYMENTS. All payments with respect to the Obligations may be applied, and in Silicon's sole discretion reversed and re-applied, to the Obligations, in such order and manner as Silicon shall determine in its sole discretion.

9.3 CHARGES TO ACCOUNTS. Silicon may, in its discretion, require that Borrower pay monetary Obligations in cash to Silicon, or charge them to Borrower's Loan account, in which event they will bear interest at the same rate applicable to the Loans. Silicon may also, in its discretion, charge any monetary Obligations to Borrower's Deposit Accounts maintained with Silicon.

9.4 MONTHLY ACCOUNTINGS. Silicon shall provide Borrower monthly with an account of advances, charges, expenses and payments made pursuant to this Agreement. Such account shall be deemed correct, accurate and binding on Borrower and an account stated (except for reverses and reapplications of payments made and corrections of errors discovered by Silicon), unless Borrower notifies Silicon in writing to the contrary within thirty days after each account is rendered, describing the nature of any alleged errors or admissions.

9.5 NOTICES. All notices to be given under this Agreement shall be in writing and shall be given either personally or by reputable private delivery service or by regular first-class mail, or certified mail return receipt requested, addressed to Silicon or Borrower at the addresses shown in the heading to this Agreement, or at any other address designated in writing by one party to the other party. Notices to Silicon shall be directed to the Commercial Finance Division, to the attention of the Division Manager or the

notices shall be deemed to have been given upon delivery in the case of notices personally delivered, or at the expiration of one Business Day following delivery to the private delivery service, or two Business Days following the deposit thereof in the United States mail, with postage prepaid.

9.6 SEVERABILITY. Should any provision of this Agreement be held by any court of competent jurisdiction to be void or unenforceable, such defect shall not affect the remainder of this Agreement, which shall continue in full force and effect.

9.7 INTEGRATION. This Agreement and such other written agreements, documents and instruments as may be executed in connection herewith are the final, entire and complete agreement between Borrower and Silicon and supersede all prior and contemporaneous negotiations and oral representations and agreements, all of which are merged and integrated in this Agreement. THERE ARE NO ORAL UNDERSTANDINGS, REPRESENTATIONS OR AGREEMENTS BETWEEN THE PARTIES WHICH ARE NOT SET FORTH IN THIS AGREEMENT OR IN OTHER WRITTEN AGREEMENTS SIGNED BY THE PARTIES IN CONNECTION HERewith.

9.8 WAIVERS. The failure of Silicon at any time or times to require Borrower to strictly comply with any of the provisions of this Agreement or any other present or future agreement between Borrower and Silicon shall not waive or diminish any right of Silicon later to demand and receive strict compliance therewith. Any waiver of any default shall not waive or affect any other default, whether prior or subsequent, and whether or not similar. None of the provisions of this Agreement or any other agreement now or in the future executed by Borrower and delivered to Silicon shall be deemed to have been waived by any act or knowledge of Silicon or its agents or employees, but only by a specific written waiver signed by an authorized officer of Silicon and delivered to Borrower. Borrower waives demand, protest, notice of protest and notice of default or dishonor, notice of payment and nonpayment, release, compromise, settlement, extension or renewal of any commercial paper, instrument, account, General Intangible, document or guaranty at any time held by Silicon on which Borrower is or may in any way be liable, and notice of any action taken by Silicon, unless expressly required by this Agreement.

9.9 NO LIABILITY FOR ORDINARY NEGLIGENCE. Neither Silicon, nor any of its directors, officers, employees, agents, attorneys or any other Person affiliated with or representing Silicon shall be liable for any claims, demands, losses or damages, of any kind whatsoever, made, claimed, incurred or suffered by Borrower or any other party through the ordinary negligence of Silicon, or any of its directors, officers, employees, agents, attorneys or any other Person affiliated with or representing Silicon, but nothing herein shall relieve Silicon from liability for its own gross negligence or willful misconduct.

9.10 AMENDMENT. The terms and provisions of this Agreement may not be waived or amended, except in a writing executed by Borrower and a duly authorized officer of Silicon.

9.11 TIME OF ESSENCE. Time is of the essence in the performance by Borrower of each and every obligation under this Agreement.

9.12 ATTORNEYS FEES AND COSTS. Borrower shall reimburse Silicon for all reasonable attorneys' fees and all filing, recording, search, title insurance, appraisal, audit, and other reasonable costs incurred by Silicon, pursuant to, or in connection with, or relating to this Agreement (whether or not a lawsuit is filed), including, but not limited to, any reasonable attorneys' fees and costs Silicon incurs in order to do the following: prepare and negotiate this Agreement and the documents relating to this Agreement; obtain legal advice in connection with this Agreement or Borrower; enforce, or seek to enforce, any of its rights; prosecute actions against, or defend actions by, Account Debtors; commence, intervene in, or defend any action or proceeding; initiate any complaint to be relieved of the automatic stay in bankruptcy; file or prosecute any probate claim, bankruptcy claim, third-party claim, or other claim; examine, audit, copy, and inspect any of the Collateral or any of Borrower's books and records; protect, obtain possession of, lease, dispose of, or otherwise enforce Silicon's security interest in, the Collateral; and otherwise represent Silicon in any litigation relating to Borrower. IN SATISFYING BORROWER'S OBLIGATION HEREUNDER TO REIMBURSE SILICON FOR ATTORNEYS' FEES, BORROWER MAY, FOR CONVENIENCE, ISSUE CHECKS DIRECTLY TO SILICON'S ATTORNEYS, LEVY, SMALL & LALLAS, BUT BORROWER ACKNOWLEDGES AND AGREES THAT LEVY, SMALL & LALLAS IS REPRESENTING ONLY SILICON AND NOT BORROWER IN CONNECTION WITH THIS AGREEMENT. If either Silicon or Borrower files any lawsuit against the other predicated on a breach of this Agreement, the prevailing party in such action shall be entitled to recover its reasonable costs and attorneys' fees, including (but not limited to) reasonable attorneys' fees and costs incurred in the enforcement of, execution upon or defense of any order, decree, award or judgment. All attorneys' fees and costs to which Silicon may be entitled pursuant to this Paragraph shall immediately become part of Borrower's Obligations, shall be due on demand, and shall bear interest at a rate equal to the highest interest rate applicable to any of the Obligations.

9.13 BENEFIT OF AGREEMENT. The provisions of this Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, heirs, beneficiaries and representatives of Borrower and Silicon; provided, however, that Borrower may not assign or transfer any of its rights under this Agreement without the prior written consent of Silicon, and any prohibited assignment shall be void. No consent by Silicon to any assignment shall release Borrower from its liability for the Obligations.

9.14 JOINT AND SEVERAL LIABILITY. If Borrower consists of more than one Person, their liability shall be joint and several, and the compromise of any claim with, or the release of, any Borrower shall not constitute a compromise

with, or a release of, any other Borrower.

9.15 LIMITATION OF ACTIONS. Any claim or cause of action by Borrower against Silicon, its directors, officers, employees, agents, accountants or attorneys, based upon, arising from, or relating to this Loan Agreement, or any other present or future document or agreement, or any other transaction contemplated hereby or thereby or relating hereto or thereto, or any other matter, cause or thing whatsoever, occurred, done, omitted or suffered to be done by Silicon, its directors, officers, employees, agents, accountants or attorneys, shall be barred unless asserted by Borrower by the commencement of an action or proceeding in a court of competent jurisdiction by the filing of a complaint within one year after the first act, occurrence or omission upon which such claim or cause of action, or any part thereof, is based, and the service of a summons and complaint on an officer of Silicon, or on any other person authorized to accept service on behalf of Silicon, within thirty (30) days thereafter. Borrower agrees that such one-year period is a reasonable and sufficient time for Borrower to investigate and act upon any such claim or cause of action. The one-year period provided herein shall not be waived, tolled, or extended except by the written consent of Silicon in its sole discretion. This provision shall survive any termination of this Loan Agreement or any other present or future agreement.

9.16 PARAGRAPH HEADINGS; CONSTRUCTION. Paragraph headings are only used in this Agreement for convenience. Borrower and Silicon acknowledge that the headings may not describe completely the subject matter of the applicable paragraph, and the headings shall not be used in any manner to construe, limit, define or interpret any term or provision of this Agreement. The term "including", whenever used in this Agreement, shall mean "including (but not limited to)". This Agreement has been fully reviewed and negotiated between the parties and no uncertainty or ambiguity in any term or provision of this Agreement shall be construed strictly against Silicon or Borrower under any rule of construction or otherwise.

9.17 GOVERNING LAW; JURISDICTION; VENUE. This Agreement and all acts and transactions hereunder and all rights and obligations of Silicon and Borrower shall be governed by the laws of the State of California. As a material part of the consideration to Silicon to enter into this Agreement, Borrower (i) agrees that all actions and proceedings relating directly or indirectly to this Agreement shall, at Silicon's option, be litigated in courts located within California, and that the exclusive venue therefor shall be Santa Clara County; (ii) consents to the jurisdiction and venue of any such court and consents to service of process in any such action or proceeding by personal delivery or any other method permitted by law; and (iii) waives any and all rights Borrower may have to object to the jurisdiction of any such court, or to transfer or change the venue of any such action or proceeding.

9.18 MUTUAL WAIVER OF JURY TRIAL. BORROWER AND SILICON EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO, THIS AGREEMENT OR ANY OTHER PRESENT OR FUTURE INSTRUMENT OR AGREEMENT BETWEEN SILICON AND BORROWER, OR ANY CONDUCT, ACTS OR OMISSIONS OF SILICON OR BORROWER OR ANY OF THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS OR ANY OTHER PERSONS AFFILIATED WITH SILICON OR BORROWER, IN ALL OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE.

BORROWER:

STERICYCLE, INC.

BY /S/

PRESIDENT OR VICE PRESIDENT

BY /S/

SECRETARY OR ASS'T SECRETARY

SILICON:

SILICON VALLEY BANK

BY /S/

TITLE AVP

SCHEDULE TO
LOAN AND SECURITY AGREEMENT

BORROWER: STERICYCLE, INC.
ADDRESS: 1419 LAKE COOK ROAD SUITE 410
DEERFIELD, ILLINOIS 60015

DATE: OCTOBER 31, 1995

This Schedule forms an integral part of the Loan and Security Agreement between Silicon Valley Bank and the above-borrower of even date.

1. CREDIT LIMIT
(Section 1.1): An amount not to exceed the lesser of: (i) \$2,500,000 at any one time outstanding; or (ii) 75% of the amount of Borrower's Eligible Receivables (as defined in Section 8 above).

LETTER OF CREDIT SUBLIMIT
(Section 1.5): \$500,000

2. INTEREST.

INTEREST RATE
(Section 1.2):

A rate equal to the "Prime Rate" in effect from time to time, plus 3% per annum, PROVIDED that on and after such time that the Borrower has not incurred any losses (after taxes) for two consecutive fiscal quarters, the Interest Rate shall be reduced to a rate equal to the "Prime Rate" in effect from time to time, plus 2.50% per annum, with Borrower's profitability to be determined in accordance with generally accepted accounting principles, consistently applied. Interest shall be calculated on the basis of a 360-day year for the actual number of days elapsed. "Prime Rate" means the rate announced from time to time by Silicon as its "prime rate;" it is a base rate upon which other rates charged by Silicon are based, and it is not necessarily the best rate available at Silicon. The interest rate applicable to the obligations shall change on each date there is a change in the Prime Rate.

MINIMUM MONTHLY
INTEREST (Section 1.2): None.

3. FEES (Section 1-4):

Loan Fee: \$25,000, payable concurrently herewith.

Collateral Monitoring Fee: \$1,500 per calendar month, payable in arrears (prorated for any partial month at the beginning and at termination of this Agreement).

4. MATURITY DATE
(Section 6.1):

The second anniversary of the date of this Agreement, subject to automatic renewal as provided in Section 6.1 above, and early termination as provided in Section 6.2 above.

TERMINATION FEE
(Section 6.2):

\$25,000 if the effective date of termination is on or prior to the first anniversary of the date of this Agreement; \$12,500 if the effective date of termination is after the first anniversary of the date of this Agreement but on or prior to the second anniversary of the date of this Agreement.

5. FINANCIAL COVENANTS
(Section 5.1):

Borrower shall comply with all of the following covenants. Compliance shall be determined as of the end of each month, except as otherwise specifically provided below:

DEBT TO TANGIBLE
NET WORTH RATIO:

Borrower shall maintain a ratio of total liabilities to Tangible Net Worth of not more than 2.5 to 1.

MINIMUM TANGIBLE
NET WORTH:

Borrower shall maintain a Tangible Net Worth of not less than \$5,000,000.

DEFINITIONS.

For purposes of the foregoing financial covenants, the following terms shall have the following meanings:

"Tangible Net Worth" shall mean the excess of total assets over total liabilities, determined in accordance with generally accepted accounting principles, with the following adjustments:

(A) there shall be excluded from assets: (i) notes, accounts receivable and other obligations owing to the Borrower from its officers or other Affiliates, and (ii) all assets which would be classified as intangible assets under generally accepted accounting principles, including without limitation goodwill, licenses, patents, trademarks, trade names, copyrights, capitalized software and organizational costs, licenses and franchises

(B) there shall be excluded from liabilities: all indebtedness which is subordinated to the Obligations under a subordination agreement in form specified by Silicon or by language in the instrument

evidence the indebtedness which is acceptable to Silicon in its discretion.

6. REPORTING.
(Section 5-3):

Borrower shall provide Silicon with the following:

1. Monthly Receivable agings, aged by invoice date, within fifteen days after the end of each month, and monthly reconciliation of Receivables within 30 days after the end of each month.
2. Monthly accounts payable agings in form and substance satisfactory to Silicon within fifteen days after the end of each month.
3. Monthly inventory certifications or such other inventory reports as are reasonably requested by Silicon, all within fifteen days after the end of each month.
4. Monthly unaudited financial statements, as soon as available, and in any event within thirty days after the end of each month.
5. Monthly Compliance Certificates, within thirty days after the end of each month, in such form as Silicon shall reasonably specify, signed by the Chief Financial Officer of Borrower, certifying that as of the end of such month Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth calculations showing compliance with the financial covenants set forth in this Agreement and such other information as Silicon shall reasonably request.
6. Quarterly unaudited financial statements, as soon as available, and in any event within forty-five days after the end of each fiscal quarter of Borrower.
7. Annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for each fiscal year of Borrower within thirty days after the beginning of each fiscal year of Borrower.
8. Annual financial statements, as soon as available, and in any event within 120 days following the end of Borrower's fiscal year, certified by independent certified public accountants acceptable to Silicon.

7. COMPENSATION
(Section 5.5):

Without Silicon's prior written consent, Borrower shall not pay total compensation, including salaries, withdrawals, fees, bonuses, commissions, drawing accounts and other payments, whether directly or indirectly, in money, during any fiscal year to all of Borrower's executives, officers and directors (or any relative thereof) as a group in excess of 115% of the total amount thereof in the prior fiscal year.

8. BORROWER INFORMATION:

PRIOR NAMES OF
BORROWER
(Section 3.2):

PRIOR TRADE
NAMES OF BORROWER
(Section 3.2):

EXISTING TRADE
NAMES OF BORROWER
(Section 3.2):

OTHER LOCATIONS AND
ADDRESSES (SECTION 3.3): See Exhibit A hereto

MATERIAL ADVERSE
LITIGATION (Section 3.10): None

9. OTHER COVENANTS
(Section 5.1):

Borrower shall at all times comply with
all of the following additional
covenants:

- (1) BANKING RELATIONSHIP. Borrower
shall at all times maintain its
primary banking relationship with
Silicon.

Borrower:
STERICYCLE, INC.

Silicon:
SILICON VALLEY BANK

By /s/ Mark C. Miller

President or Vice President

By /s/ [illegible]

Title AVP

By /s/ [illegible]

Secretary or Ass't Secretary

[LOGO] SILICON VALLEY BANK

AMENDMENT TO LOAN DOCUMENTS

BORROWER: STERICYCLE, INC.
DATE: MARCH 12, 1996

THIS AMENDMENT TO LOAN DOCUMENTS is entered into between SILICON VALLEY BANK ("Silicon") and the borrower named above (the "Borrower").

The Parties agree to amend the Loan and Security Agreement between them, dated October 31, 1996 (the "Loan Agreement"), as follows, effective on March 12, 1996. (Capitalized terms used but not defined in this Amendment, shall have the meanings set forth in the Loan Agreement.)

1. CHANGE TO ADVANCE RATE. Section 1 of the Schedule to the Loan Agreement (the "Schedule") is hereby amended to read:

"1. CREDIT LIMIT

(Section 1.1): An amount not to exceed the lesser of: (i)
\$2,500,000 at any one time outstanding; or (ii)
70% of the amount of Borrower's Eligible
Receivables (as defined in Section 8 above).

Letter of Credit Sublimit
(Section 1.5): \$500,000"

2. DETERMINATION OF LOAN AVAILABILITY ONCE PER MONTH. Notwithstanding any other terms or provisions of the Loan Agreement, unless and until Silicon has notified Borrower of Silicon's election to return to daily calculation of loan availability under Section 4 of this Amendment, the following provisions shall apply:

(a) The amount available for Borrower to borrow under the Loan Agreement shall be determined as follows:

Upon Silicon's receipt from Borrower of a Receivable aging, pursuant to Section 6 of the Schedule, Silicon shall calculate the amount of the Credit Limit, pursuant to Section 1 of the Schedule. Such amount shall serve as the Credit Limit until Silicon receives from Borrower, the next scheduled Receivable aging. If on the date Silicon receives a Receivable aging from Borrower the amount of outstanding Loans exceeds the Credit Limit, so that an Overadvance exists, then without limiting Borrower's obligation to repay to Silicon on demand the amount of such Overadvance as set forth in Section 1.3

of the Loan Agreement, or any other rights of Silicon, Borrower agrees that Silicon may apply to the payment of the Loans any amounts received by Silicon as proceeds of Receivables.

(b) Any cash proceeds of Receivables received by Silicon shall be deposited into Borrower's checking account maintained with Silicon, PROVIDED THAT, if an Overadvance exists at the time Silicon receives any cash proceeds of Receivables, Silicon shall retain such cash proceeds, or the portion thereof necessary to eliminate the Overadvance, and reduce the amount of the Loans by the amount so retained.

(c) All of Borrower's obligations to provide Silicon with financial and other reports, including but not limited to those set forth in Section 4.3 of the Loan Agreement and Section 6 of the Schedule, shall continue in full force and effect.

3. SILICON'S RIGHT TO RETURN TO DAILY CALCULATION OF LOAN AVAILABILITY. Silicon may at any time, in its sole discretion, elect to terminate the provisions of Section 2 of this Amendment and return to calculating on a daily basis the amount available for Borrower to borrow under the Loan Agreement.

4. REPRESENTATIONS TRUE. Borrower represents and warrants to Silicon that all representations and warranties set forth in the Loan Agreement, as amended hereby, are true and correct.

5. GENERAL PROVISIONS. This Amendment, the Loan Agreement, any prior written amendments to the Loan Agreement signed by Silicon and the Borrower, and the other written documents and agreements between Silicon and the Borrower set forth in full all of the representations and agreements of the parties with respect to the subject matter hereof and supersede all prior discussions, representations, agreements and understandings between the parties with respect to the subject hereof. Except as herein expressly amended, all of the terms and provisions of the Loan Agreement, and all other documents and agreements between Silicon and the Borrower shall continue in full force and effect and the same are hereby ratified and confirmed.

BORROWER:

SILICON:

STERICYCLE, INC.

SILICON VALLEY BANK

By /s/ [illegible]

By /s/ [illegible]

President or Vice President
VP-CFO

Title V.P.

By -----
Secretary or Ass't Secretary

AMENDMENT TO LOAN DOCUMENTS

BORROWER: STERICYCLE, INC.

DATE: JUNE 4, 1996

THIS AMENDMENT TO LOAN DOCUMENTS is entered into between SILICON VALLEY BANK ("Silicon") and the borrower named above (the "Borrower").

The Parties agree to amend the Loan and Security Agreement between them, dated October 31, 1995, as amended, including but not limited to that certain Amendment to Loan Documents dated March 12, 1996 (the "Loan Agreement"), as follows, effective as of the date hereof. (Capitalized terms used but not defined in this Amendment, shall have the meanings set forth in the Loan Agreement.)

1. CHANGE TO FINANCIAL COVENANTS. Section 5 of the Schedule to the Loan Agreement (the "Schedule") is hereby amended to read:

5. FINANCIAL COVENANTS

(Section 5.1): Borrower shall comply with all of the following covenants. Compliance shall be determined as of the end of each month, except as otherwise specifically provided below:

DEBT TO TANGIBLE
NET WORTH RATIO: Borrower shall maintain a ratio of total liabilities to Tangible Net Worth of not more than 3.5 to 1.

MINIMUM TANGIBLE
NET WORTH: Borrower shall maintain a Tangible Net Worth of not less than \$3,750,000.

DEFINITIONS. For purposes of the foregoing financial covenants, the following terms shall have the following meanings:

"Tangible Net Worth" shall mean the excess of total assets over total liabilities, determined in accordance with generally accepted accounting principles, with the following adjustments:

(A) there shall be excluded from assets: (i) notes, accounts receivable and other obligations owing to the Borrower from its officers or other Affiliates, and (ii) all assets which would be classified as intangible assets under generally accepted accounting principles, including without limitation goodwill, licenses, patents, trademarks, trade

names, copyrights, capitalized software and organizational costs, licenses and franchises

(B) there shall be excluded from liabilities: all indebtedness which is subordinated to the Obligations under a subordination agreement in form specified by Silicon or by language in the instrument evidencing the indebtedness which is acceptable to Silicon in its discretion."

2. REPRESENTATIONS TRUE. Borrower represents and warrants to Silicon that all representations and warranties set forth in the Loan Agreement, as amended hereby, are true and correct.

3. GENERAL PROVISIONS. This Amendment, the Loan Agreement, any prior written amendments to the Loan Agreement signed by Silicon and the Borrower, and the other written documents and agreements between Silicon and the Borrower set forth in full all of the representations and agreements of the parties with respect to the subject matter hereof and supersede all prior discussions, representations, agreements and understandings between the parties with respect to the subject hereof. Except as herein expressly amended, all of the terms and provisions of the Loan Agreement, and all other documents and agreements between Silicon and the Borrower shall continue in full force and effect and the same are hereby ratified and confirmed.

BORROWER:

SILICON:

STERICYCLE, INC.

SILICON VALLEY BANK

By /s/ James S. Pollark

By /s/ Jack DeGroat

President or Vice President

Title SVP

By /s/ James S. Pollark

Secretary or Ass't Secretary

- - - - -
- - - - -

GUARANTY AGREEMENT

AMONG

STERICYCLE, INC.,

AND

FLEET NATIONAL BANK,
AS TRUSTEE

AND

RHODE ISLAND INDUSTRIAL-RECREATIONAL BUILDING AUTHORITY

DATED AS OF JUNE 1, 1992

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GUARANTY AGREEMENT

This Guaranty Agreement dated as of June 1, 1992 (the "Guaranty") among Stericycle, Inc. (the "Obligor"), Fleet National Bank, as trustee (the "Trustee"), a commercial banking institution duly organized and validly existing under the laws of the State of Rhode Island having its principal office in Providence, Rhode Island, as Trustee under a Trust Indenture dated as of June 1, 1992, between the Rhode Island Industrial Facilities Corporation and the Trustee (the "Indenture") and the Rhode Island Industrial-Recreational Building Authority (the "Authority"), a body corporate and politic and a public instrumentality of the State.

WITNESSETH:

WHEREAS, the Rhode Island Industrial Facilities Corporation (the "Issuer") intends to issue its Industrial Development Revenue Bonds (Industrial-Recreational Building Authority Program - Stericycle, Inc. Project - 1992 Series) in the principal amount of \$2,030,000 (the "Bonds"); and

WHEREAS, the Bonds are to be issued pursuant to Chapter 37.1 of Title 45 of the Rhode Island General Laws (1956), as amended (the "Act"), a resolution of the Issuer adopted on June 22, 1992 and the Indenture; and

WHEREAS, the proceeds derived from the issuance of the Bonds are to be applied by the Issuer to finance the acquisition, construction, renovation and equipping of the Project as defined in, and pursuant to the terms of, the Lease Agreement dated as of June 1, 1992 (the "Lease") between the Issuer and Stericycle, Inc. the Obligor); and

WHEREAS, pursuant to the Lease the Issuer has leased the Project to the Obligor for its use in the treatment and conversion of medical waste into recyclable raw material for secondary use; and

WHEREAS, the payment of principal and interest on the Bonds is an obligation of the Obligor pursuant to the Lease; and

WHEREAS, such payments have been assigned to Fleet National Bank, as Trustee for the Bondholders (the "Trustee"); and

WHEREAS, the Bonds are secured, inter alia, by a Mortgage dated as of June 1, 1992 (the "Mortgage") pursuant to which the Issuer has granted and conveyed to the Trustee a Mortgage

covering the Facilities and the Premises (as defined in the Lease) constituting the Project; and

WHEREAS, the Bonds are further secured by a Security Agreement dated as of June 1, 1992 (the "Security Agreement") pursuant to which the Issuer has granted and conveyed to the Trustee a Security Agreement covering the Equipment (as defined in the Lease) constituting the Project; and

WHEREAS, the obligations of the Issuer under the Bonds and the performance by the Issuer of the terms of the Mortgage and the Security Agreement are to be insured by the Authority pursuant to the Mortgage Insurance Agreement (Real Estate) and the Mortgage Insurance Agreement (Equipment) (collectively, the "Mortgage Insurance Agreements") among the Authority, the Issuer and the Trustee; and

WHEREAS, the Authority has indicated that it will not enter into the Commitment Agreement or deliver the Mortgage Insurance Agreements pursuant thereto unless the Obligor guarantees the payment of the Bonds including a guaranty to the Authority of any and all obligations undertaken by the Authority as the insurer of the Mortgage and the Security Agreement; and

WHEREAS, the financing of the Project will result in a financial benefit to the Obligor; and

WHEREAS, the Obligor is desirous that the Authority enter into the Mortgage Insurance Agreements;

NOW, THEREFORE, in consideration of the premises, and as an inducement to the Authority to execute and deliver the Mortgage Insurance Agreements, and in order to enhance the security for the Bonds and thereby achieve interest cost and other savings to the Obligor which will inure to the benefit of the Obligor, the Obligor does hereby, subject to the terms hereof, covenant and agree with the Trustee and the Authority as follows (all capitalized terms shall be as defined in the Lease):

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF THE GUARANTORS

SECTION 1.1. The Obligor does hereby represent and warrant that:

(a) the Obligor is duly incorporated and in good standing in the State of Rhode Island; and is in good

standing and duly qualified to do business in the State of Rhode Island;

(b) the Obligor has the power to enter into this Guaranty, and has duly authorized the execution and delivery of this Guaranty by proper corporate action;

(c) neither this Guaranty, nor the execution and delivery hereof, nor the agreement herein contained is prevented or limited by, contravenes or constitutes a default under any agreement, instrument or indenture to which the Obligor is a party, or by which it is bound, or any provision of the Obligor's Articles of Incorporation, By-laws or any other requirement of law;

(d) this Guaranty constitutes a valid and legally binding obligation of the Obligor and is enforceable in accordance with its terms against each of them, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and subject to the exercise of judicial discretion in appropriate cases; and

(e) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known by the Obligor, nor to the best of their knowledge is there any basis therefor, wherein an unfavorable decision, ruling or finding would, in any way, materially adversely affect the obligations contemplated by this Guaranty or which, in any way would adversely affect the validity or enforceability of this Guaranty.

ARTICLE II

COVENANTS AND AGREEMENTS

SECTION 2.1. The Obligor hereby unconditionally guarantees for the benefit of the holders from time to time of the Bonds and the Authority:

(a) to the Trustee:

(i) the full and prompt payment of the principal of and premium, if any, on the Bonds when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise;

(ii) the full and prompt payment of any interest on the Bonds when and as the same shall become due; and

(iii) the payment, performance and observance of the duties, obligations, covenants and agreements to be made, observed or performed by the Obligor contained in the Lease and by the Issuer and the Obligor contained in the Mortgage and the Security Agreement;

provided that nothing herein shall be construed as a guarantee of the Trustee's performance of its obligations under the Indenture; and

(b) to the Authority:

(i) the full and prompt payment of any and all amounts paid by the Authority under the Mortgage Insurance Agreements pursuant to which the Authority agrees to insure payment of the "mortgage payments" as provided and as defined in the Mortgage Insurance Agreements; and

(ii) the full and prompt payment of any and all expenses incurred by the Authority in enforcing, the remedies under this Guaranty, the Mortgage, the Security Agreements, the Mortgage Insurance Agreements, the Lease, the Regulatory Agreement or any other agreement or instrument executed in connection with the financing of the acquisition of the Project, and any and all expenses incurred by the Authority, whether or not the same is required to be done by the Authority, relating to the preservation of the Project, including attorneys' fees.

All payments by the Obligor hereunder shall be paid in lawful money of the United States of America. Each and every default in payment of the principal of, and premium, if any, or interest on the Bonds, or default in the payment, performance or observance by the Obligor of any term of the Lease or by the Obligor of any term of the Sublease or by the Issuer or the Obligor of any term of the Mortgage or the Security Agreement, shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

SECTION 2.2. The Obligor shall comply with all covenants of the Regulatory Agreement.

SECTION 2.3. The obligations of the Obligor hereunder shall be absolute and unconditional and shall remain in full force and effect until the entire principal of and premium, if any, and interest on the Bonds and any and all amounts payable by the Obligor under the Lease and by the Issuer or the Obligor under the Mortgage or the Security Agreement, and any and all amounts and expenses paid or incurred by the Authority under the Mortgage Insurance Agreements, or in enforcing any of its remedies or otherwise relating to the Project, shall have been paid or fully and unconditionally provided for, and such obligation shall not be affected, reduced, modified or impaired upon the happening from time to time of any event, including without limitation, any of the following, whether or not with notice to, or consent of, the Obligor:

(a) the compromise, settlement, release, change, modification or termination of any or all of the obligations, covenants or agreements of the Issuer under the Bonds, the Indenture, the Lease, the Sublease, the Mortgage, the Security Agreement, the Mortgage Insurance Agreements or any other document executed in connection with the financing of the Project, (collectively, the "Financing Documents");

(b) the failure to give notice to the Obligor of the occurrence of an event of default under the terms and provisions of this Guaranty, or any of the Financing Documents, except as specifically provided in this Guaranty or in any of the Financing Documents;

(c) the assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of the Issuer or the Obligor in the Project or any failure of title with respect to the Issuer's interest in the Project;

(d) the waiver of the payment, performance or observance by the Issuer, the Trustee, the Authority or the Obligor of any of the obligations, conditions, covenants or agreements of any of them contained in this Guaranty or any of the Financing Documents;

(e) the extension of the time for payment of the principal of, and premium, if any, or interest on the Bonds owing or payable thereon or of amounts owing or payable under this Guaranty or under any of the Financing Documents, or of the time for performance of any other obligations, covenants or agreements under or arising out of this Guaranty or any of the Financing Documents or the extension or the renewal of any thereof;

(f) the waiver, modification or amendment (whether material or otherwise) of any duty, obligation, covenant or agreement set forth in this Guaranty or any of the Financing Documents;

(g) the taking, or the omission, of any action referred to in this Guaranty or any of the Financing Documents;

(h) any failure, omission, delay or lack on the part of the Issuer, the Authority or the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Issuer, the Authority or the Trustee in this Guaranty or any of the Financing Documents, or any other act or acts on the part of the Issuer, the Authority, the Trustee or the holders of the Bonds;

(i) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting Obligor or the Issuer or any of the assets either, or any allegation or contest of the validity of this Guaranty in any such proceeding;

(j) to the extent permitted by law, the release or discharge of any of the Obligor from the performance or observance of any obligation, covenant or agreement contained in this Guaranty or the Mortgage Insurance Guaranty by operation of law;

(k) the default or failure of the Obligor to fully perform its obligations set forth in this Guaranty; or

SECTION 2.4. No act of commission or omission of any kind or at any time upon the part of the Authority, its successors or assigns, with respect to any matter whatsoever shall in any way impair the rights of the Authority to enforce any right, power or benefit under this Guaranty and no setoff, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature which the Obligor have or may have against the Issuer, the Trustee or the Authority or any assignee or successor thereof shall be available hereunder to the Obligor against the Authority, except as may be specifically provided in this Guaranty.

SECTION 2.5. In the event of a default:

(a) in payment of the principal installments of, or premium, if any, on the Bonds when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise;

(b) in the payment of any interest on the Bonds when and as the same shall become due; or

(c) in the payment, observance or performance of the duties, obligations, covenants or agreements to be made, observed or performed by the Obligor contained in the Lease, or the Regulatory Agreement or by the Issuer or the Obligor contained in the Bonds, the Mortgage, or the Security Agreement, and any such default shall continue beyond the period of grace, if any, allowed with respect thereto, or if the Authority, under the terms of the Mortgage Insurance Agreements, shall make any payment, whether principal or interest, or shall pay or incur other expenses, the Authority and the Trustee, in their sole discretion, shall have the right to proceed first and directly against the Obligor under this Guaranty without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the Issuer, the Authority or the Trustee.

The Obligor recognizes and acknowledges that its obligations hereunder shall apply to and continue with respect to any amount paid to the Authority under this Guaranty which is subsequently recovered from the Authority in or as a result of any bankruptcy, reorganization, insolvency, preference or fraudulent conveyance proceeding affecting any of them, notwithstanding the fact that the Bonds may have been previously paid in full or this Guaranty returned, or both.

SECTION 2.6. The Obligor hereby expressly waives notice from the Trustee, the Authority or the holders of the Bonds of their acceptance and reliance on this Guaranty. The Obligor covenants and agrees to pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by the Trustee or the Authority in foreclosing upon the real property and improvements subject to the lien of the Mortgage or the Security Agreement, or in enforcing or attempting to enforce the Lease, the Sublease, the Regulatory Agreement, the Mortgage or the Security Agreement or this Guaranty following any default on the part of the Obligor hereunder, whether the same shall be enforced by suit or otherwise.

SECTION 2.7. The Obligor covenants and agrees that it is liable for all claims arising under this Guaranty to the full extent of such claims, and that the Trustee and the Authority or either of them may elect, in their sole discretion, to proceed against them or any of them, for any such claim without prejudice to their right so to elect for any future claim.

SECTION 2.8. This Guaranty is entered into by the Obligor for the benefit of the Trustee, the Authority and the holders from time to time of the Bonds and any successor trustee or trustees under the Indenture.

ARTICLE III

NOTICE AND SERVICE OF PROCESS, PLEADINGS AND OTHER PAPERS

SECTION 3.1. The Obligor irrevocably:

(a) agrees that any suit, action, or other legal proceeding arising out of this Guaranty may be brought in the courts of record of the State of Rhode Island or the courts of the United States located in the State of Rhode Island;

(b) consents to the jurisdiction of each such court in any such suit, action or proceeding; and

(c) waives any objections which it, he or she may have to the laying of venue of such suit, action or proceeding in any of such courts and waives any right to a trial by jury in any of such courts.

For such time as the Bonds shall be unpaid in whole or in part, process in any such suit, action or proceeding first shall be attempted to be served upon the duly appointed agents for service of process of the Obligor, such appointment to be made by certified mail to: Manager, Rhode Island Industrial-Recreational Building Authority, 7 Jackson Walkway, Providence, Rhode Island 02903. Should the Obligor fail to appoint such agents or if such service of process is either unsuccessful or deemed invalid for any reason, then such service of process shall be made upon the Secretary of State of the State of Rhode Island whom the Obligor irrevocably designates as its agent to accept and acknowledge on its behalf service of any and all process in any such suit, action or proceeding brought in any such court, and each of the Obligor agrees and consents that any such service of process upon such agent and written notice of such service to each of the Obligor by registered or certified mail shall be taken and

held to be valid personal service upon the Obligor. Such agent shall not have any power or authority to enter any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Obligor or to conduct the defense of any such suit, action or any other legal proceeding except upon written direction of the Obligor.

SECTION 3.2. Any notice, process, pleadings or other papers served upon the registered agent or Secretary of State shall, at the same time, be sent by registered or certified mail to the Guarantors at the following address: or to such other addresses as may be furnished by the Obligor to the Trustee and the Authority in writing.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1. The obligations of the Obligor hereunder shall arise absolutely and unconditionally when the Bonds shall have been issued, sold and delivered by the Issuer.

SECTION 4.2. No remedy herein conferred upon or reserved to the Trustee or the Authority is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty to either of them or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee and the Authority to exercise any remedy reserved to it in this Guaranty, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

In the event any provision contained in this Guaranty should be breached by any party and thereafter duly waived by any other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Guaranty shall be established by conduct, custom, or course of dealing, but solely by an instrument in writing duly executed by the parties thereunto duly authorized by this Guaranty.

SECTION 4.3. The invalidity or unenforceability of any one or more phrases, sentences, clauses or Sections contained in this Guaranty shall not affect the validity or enforceability of the remaining portions of this Guaranty or any part thereof.

SECTION 4.4. The date of this Guaranty is for identification purposes only and is not intended to indicate that this Guaranty was executed on June 1, 1992. This Guaranty becomes effective on the date of its acceptance by the Trustee as shown below.

SECTION 4.5. This Guaranty shall be governed by and construed in accordance with the laws of the State of Rhode Island.

IN WITNESS WHEREOF, the Obligor has caused this Guaranty to be executed and delivered in its name and on its behalf and its seal to be hereunto affixed by its duly authorized officers, all as of the date first above written.

(SEAL)

ATTEST	STERICYCLE, INC.
/s/ Michael Beinert	By /s/ Vernon J. Nagel
-----	-----
Title:	Vernon J. Nagel
	Chief Financial Officer
	and Vice President

Accepted as of the 30th day
of June, 1992 by

(Corporate Seal)

ATTEST	FLEET NATIONAL BANK, as Trustee
/s/	By /s/ Paul D. Allen
-----	-----
Title: Official Assistant	Paul D. Allen
	Vice President

WITNESS	RHODE ISLAND INDUSTRIAL-RECREATIONAL BUILDING AUTHORITY
/s/	By /s/ Robert E. Donovan
-----	-----
	Robert E. Donovan
	Manager

EXHIBIT D

REGULATORY AGREEMENT

This REGULATORY AGREEMENT, dated as of June 1, 1992, between Stericycle, Inc. (the "Obligor"), and the Rhode Island Industrial Recreational Building Authority (the "Authority").

W I T N E S S E T H

WHEREAS, the Rhode Island Industrial Facilities Corporation (the "Issuer") has issued its Industrial Development Revenue Bonds in the principal amount of \$2,030,000 (the "Bonds") and has used the proceeds of the Bonds to finance the renovation and improvement of a manufacturing facility and the acquisition and installation of equipment therein in the City of Woonsocket, Rhode Island, to be leased to the Obligor for its use in the treatment and conversion of medical waste into recyclable raw material for secondary use (the "Project");

WHEREAS, the payment of principal and interest on such Bonds is being, and shall be, made by the Obligor pursuant to a Lease Agreement dated as of June 1, 1992 by and between the Issuer and the Obligor (the "Lease") (defined terms shall have the meaning herein as such terms have in the Lease);

WHEREAS, such payments have been assigned to Fleet National Bank (the "Trustee"), as Trustee for the Bondholders;

WHEREAS, the Issuer has entered into a mortgage (dated as of June 1, 1992 (the "Mortgage")) and a security agreement dated as of June 1, 1992 (the "Security Agreement") in order to secure payment of the Bonds;

WHEREAS, the Obligor has entered into a Guaranty Agreement (the "Guaranty") with the Trustee and the Authority dated as of June 1, 1992 pursuant to which the Obligor guarantees payment of the Bonds;

WHEREAS, pursuant to Chapter 34 of Title 42 of the Rhode Island General Laws (1956), as amended (such Chapter hereinafter referred to as the "Act"), the Authority has agreed, subject to certain conditions, to enter into the Mortgage Insurance Agreement (Equipment) and the Mortgage Insurance Agreement (Real Estate) (the "Insurance Agreements") in order to insure the Mortgage and the Security Agreement; and

WHEREAS, the Authority has established certain operating conditions to which the Obligor must adhere in consideration for providing such insurance;

NOW, THEREFORE, the Obligor and the Authority, in consideration of the issuance and delivery of the Insurance Agreement and in order to comply with the requirements of the Authority, agree for themselves, their successors and assigns, and any owner of the Project, and so long as the Mortgage Insurance Agreements continue in effect, and during such further period of time as the Authority shall be the insurer of the Security Agreement and Mortgage, or during any time the Authority is obligated to insure a Mortgage or Security Agreement on the Project, as follows:

(1) The Obligor covenants as follows:

(a) Obligor shall not declare or pay any dividends OR DISTRIBUTIONS WHICH WILL CAUSE A VIOLATION OF ANY OF THE TERMS AND CONDITIONS OF THE RHODE ISLAND INDUSTRIAL-RECREATIONAL BUILDING AUTHORITY INSURED BOND TRANSACTION.

(b) Obligor shall maintain Working Capital (Current Assets minus Current Liabilities) of at least \$100,000, commencing December 31, 1992.

(c) Obligor shall maintain a Current Ratio (Current Assets divided by Current Liabilities) of at least 1.3 to 1, commencing December 31, 1992.

(d) Obligor's Debt/Worth Ratio (Total Liabilities divided by Tangible Net Worth) shall not exceed 3 to 1, commencing December 31, 1992.

(e) Obligor shall submit to the Authority unaudited comparative financial statements for each of the first three quarters of its fiscal year within 45 days from the end of each quarter.

(f) Obligor shall submit to the Authority fully audited comparative financial statements, certified by an independent certified public accountant, within ninety (90) days from the end of each fiscal year, said certification to include a statement that all tax, insurance and utility payments required under the Lease are current and that all financial requirements of the Lease have been complied with.

(g) Obligor may not assign, sell, mortgage or sublease the Lease without the prior written consent of the Authority.

(h) That a change in ownership of more than 49% of the outstanding voting stock of the Obligor (whether in any one event or in the aggregate) shall require the prior written consent of the Authority. THIS PROVISION IS NOT APPLICABLE TO PUBLIC OFFERINGS OF STOCK BY THE LESSEE,

(i) Obligor covenants that the project is in compliance with all environmental laws, that the Obligor will continue to comply with all environmental laws, and that the Obligor shall immediately notify the Authority of any notices of violation of environmental law or any claims made with respect thereto. In addition, Obligor shall indemnify and hold harmless the Authority, the Issuer and the Trustee against any and all violations of environmental law.

(j) That the Obligor shall guarantee the payment of the Bonds between the Issuer and the Trustee; said guarantee shall include a direct guarantee of the Authority of any obligation undertaken by the Authority as debt insurer.

(k) Obligor is prohibited from lending in any form to its officers, stockholders or employees EXCEPT TO THE EXTENT OF STOCK PURCHASE AGREEMENT LOANS. SAID LOANS SHALL NOT EXCEED FAIR MARKET VALUE OF THE STOCK ON THE DATE OF PURCHASE.

(1) The Project, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Authority or its duly authorized agents. Subject to the limitations stated in Paragraph (m), Obligor shall keep copies of all material written contracts or other instruments which affect the Project, all or any of which may be subject to inspection and examination by the Authority or its duly authorized agents.

(m) At the request of the Authority, its employees or attorneys, the Obligor shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation and condition of the property and the status of the Mortgage and Security Agreement and any other information with respect to the Obligor or the Project which may be requested.

(n) The Project shall be used only for (i) the manufacturing, processing or assembling of raw materials or manufactured products or (ii) the providing of research or warehousing facilities for any such industry.

(o) Obligor's compliance with financial requirements applicable to it under this Agreement, the Lease, the Mortgage or the Security Agreement shall be determined on the basis of financial statements of Obligor (consolidated where appropriate) prepared in accordance with generally accepted accounting principles applied on a consistent basis.

(p) That the Obligor shall obtain an Environmental Site Assessment Report from a qualified engineer that is satisfactory to the Authority.

(q) That all Obligor indebtedness to any officers, stockholders or employees is to be fully subordinated to the Bonds.

(r) A default under the terms of any other Authority issued indebtedness of the Obligor shall constitute a default hereunder; and, the Obligor acknowledges that all collateral pledged under any Authority insured indebtedness of Obligor shall act as security for all such indebtedness.

(s) That the premium to be charged by the Authority for insurance of the principal interest and certain other payments under said Insurance Agreements shall be 3/4 of 1% per annum of the principal balance of the real estate portion of the financing and one and one quarter percent of the principal of the equipment portion of the financing.

(t) That the administration fee to be charged by the Issuer shall be 1/8 of 1% per annum of the principal balance of the Bonds, payable monthly in arrears.

(u) That there may be a charge to the Obligor for legal expenses of the Authority, up to a maximum of \$5,000, and that the charge to the Obligor for legal and bond issue expenses of the Issuer, up to and including June 29, 1992, shall be limited to a total of \$10,000 provided standard documentation is acceptable to the parties.

(v) That there may be a charge to the Obligor for the issuance of a comfort letter prepared by the Authority's auditor.

(2) Nothing contained in this Regulatory Agreement shall be deemed to require the Authority to take any action whatsoever with respect to (a) the operation, care, management or repair of the Project, or (b) the exercise of any right or remedy of the Authority hereunder. Any action taken or any failure to act shall be at the Authority's election and without liability on its part. No waiver, forbearance, extension of time or other indulgence shown by the Authority to the Obligor or to any other person now or hereafter having any interest in the Project, with respect to any condition, covenant or agreement of them or any of them shall affect the right of the Authority thereafter to require performance or observance of the same or any other condition, covenant or agreement. The failure of the Authority to act or the waiver in any instance of the exercise of any right or remedy of the Authority hereunder shall not be deemed to thereafter bar the Authority from acting and shall not constitute a waiver of any other right or remedy or prevent the subsequent exercise of such right or remedy or any similar right or remedy.

(3) Obligor acknowledges that a breach of any covenant hereunder shall constitute a default under this Regulatory Agreement, and Obligor, the Issuer and the Trustee agree that in the event of such default under this Regulatory Agreement, the Authority may in its discretion notify them that such default shall also constitute an Event of Default under the Lease and in such event the Issuer, the Trustee and the Authority shall be entitled to pursue any remedy available to them or any of them under the Lease for such breach.

(4) The Authority shall not be liable for any of its acts hereunder except for gross negligence and intentional misconduct. In no event shall the Authority be liable for any failure to act.

(5) This instrument shall bind, and the benefits shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in office or interest and assigns and all owners of the Mortgaged Property, so long as the Insurance Agreements continue in effect and during such further time as the Authority shall be the owner or insurer of the Mortgage or obligated to insure the Mortgage. No modification, amendment or waiver of any provision hereof shall be effective without the written consent of the Authority.

(6) The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions thereof.

(7) Obligor warrants that it has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations set forth herein and supersede any other requirements in conflict therewith.

(8) Except as required by law, the Authority hereby agrees to maintain the confidentiality of any information provided by the Obligor with respect to trade secrets and other non-public information, as requested by the Obligor.

(9) This Regulatory Agreement shall become effective upon its execution and delivery and the delivery by the Authority of the Insurance Agreements. The date of this Regulatory Agreement shall be for identification purposes only and shall not be construed to imply that this Regulatory Agreement was executed on June 1, 1992.

Executed and delivered this _____ day of _____, 1992.

WITNESS: STERICYCLE, INC.

BY: _____

Title:

WITNESS: RHODE ISLAND INDUSTRIAL-
RECREATIONAL BUILDING AUTHORITY

BY: _____

Manager

APPROVED AND ACKNOWLEDGED: RHODE ISLAND INDUSTRIAL FACILITIES
CORPORATION

By: _____

Treasurer:

ACKNOWLEDGED: FLEET NATIONAL BANK, as Trustee

By _____

Title:

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that before me personally appeared _____, whose name _____ as _____ of Stericycle, Inc. is signed to the foregoing Regulatory Agreement, and who is known to me and known by me to be such officer, acknowledged before me on this day under oath, that, being informed of the contents of said Regulatory Agreement he, with full authority, executed the same as his free act and deed and as the free act and deed of said Stericycle, Inc.

Given under my hand and seal of office this _____ day of June, 1992.

Notary Public

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that before me personally appeared _____, whose

name as _____ of the Rhode Island Industrial-Recreational Building

Authority is signed to the foregoing Regulatory Agreement, and who is known to me and known by me to be such officer, acknowledged before me on this day under oath, that, being informed of the contents of said Regulatory Agreement he, with full authority, executed the same as his free act and deed and as the free act and deed of said Rhode Island Industrial-Recreational Building Authority.

Given under my hand and seal of office this _____ day of June, 1992.

Notary Public

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that before me personally appeared _____, whose name as _____ of Rhode Island Industrial Facilities Corporation is _____ signed to the foregoing Regulatory Agreement, and who is known to me and known by me to be such officer, acknowledged before me on this day under oath, that, being informed of the contents of said Regulatory Agreement he, with full authority, executed the same as his free act and deed and as the free act and deed of said Rhode Island Industrial Facilities Corporation.

Given under my hand and seal of office this _____ day of June, 1992.

Notary Public

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that before me personally appeared _____, whose name as _____ of Fleet National Bank is signed to the foregoing _____ Regulatory Agreement, and who is known to me and known by me to be such officer, acknowledged before me on this day under oath, that, being informed of the contents of said Regulatory Agreement he, with full authority, executed the same as his free act and deed and as the free act and deed of said Fleet National Bank.

Given under my hand and seal of office this _____ day of June, 1992.

Notary Public

RADIO-FREQUENCY HEATING
TECHNOLOGY
LICENSE AGREEMENT

This Agreement entered into this 10th day of November 1995 by and between IIT Research Institute (hereinafter "IITRI"), a not-for-profit corporation organized under the laws of the State of Illinois with principal offices located at 10 West 35th Street, Chicago, Illinois 60616-3799, U.S.A. and Stericycle Inc., a corporation organized under the laws of the State of Delaware with principal offices located at 1419 Lake Cook Road, Suite 410, Deerfield, Illinois 60015 (hereinafter "STERICYCLE"), revoking and replacing the July 13, 1989 Research Agreement and any amendments or understandings thereto between IITRI and STERICYCLE.

WITNESSETH

WHEREAS, IITRI and STERICYCLE are parties to an agreement entitled "RESEARCH AGREEMENT" entered into July 13, 1989 as amended, (hereinafter collectively "RESEARCH AGREEMENT");

WHEREAS, IITRI and STERICYCLE desire to terminate the RESEARCH AGREEMENT in its entirety and substitute and replace the RESEARCH AGREEMENT with the present Agreement;

WHEREAS, IITRI and STERICYCLE agree that proper notice has been provided pursuant to the RESEARCH AGREEMENT in order to terminate the RESEARCH AGREEMENT;

WHEREAS, IITRI's obligation to maintain STERICYCLE information in confidence has expired pursuant to the terms and conditions of the RESEARCH AGREEMENT;

WHEREAS, IITRI represents that it is the owner and licensor of certain IITRI PATENT RIGHTS and related IITRI KNOW-HOW pertaining to radio-frequency technology;

WHEREAS, STERICYCLE desires to obtain a fully paid-up, royalty-free, exclusive license with the right to sublicense the IITRI PATENT RIGHTS and IITRI KNOW-HOW for use in the FIELD OF USE, in the herein described STERICYCLE EXCLUSIVE TERRITORY;

WHEREAS, STERICYCLE's obligation to maintain IITRI information in confidence has expired pursuant to the terms and conditions of the RESEARCH AGREEMENT;

WHEREAS, STERICYCLE represents that it is the owner and licensor of certain STERICYCLE PATENT RIGHTS pertaining to radio-frequency technology;

WHEREAS, IITRI desires to obtain a fully paid up, royalty free, exclusive license with the right to sublicense the STERICYCLE PATENT RIGHTS for use in the FIELD OF USE in the herein described IITRI EXCLUSIVE TERRITORY;

NOW, THEREFORE, for and in consideration of the promises and mutual covenants herein contained, IITRI and STERICYCLE agree as follows:

1. DEFINITIONS

As used throughout this Agreement, the following terms shall have the meanings as hereinafter defined:

- 1.01 "EFFECTIVE DATE" shall mean the date first written above.
- 1.02 "IITRI PATENT RIGHTS" shall mean any patents and/or applications for patents owned or filed by IITRI prior to or subsequent to the EFFECTIVE DATE that pertain to both radio-frequency technology and the FIELD OF USE as defined below. The IITRI PATENT RIGHTS as of the EFFECTIVE DATE of this Agreement are listed in Attachment A of this Agreement.
- 1.03 "STERICYCLE PATENT RIGHTS" shall mean any patents and/or patent applications owned or filed by STERICYCLE prior to or subsequent to the EFFECTIVE DATE that pertain to both radio-frequency technology and the FIELD OF USE as defined below. The STERICYCLE PATENT RIGHTS as of the EFFECTIVE DATE of this Agreement are listed in Attachment B of this Agreement.
- 1.04 "IITRI KNOW-HOW" shall mean IITRI information relating to radio-frequency technology, including electrical conduction heating and dielectric heating.

1.05 "FIELD OF USE" shall mean the treatment of medical waste to inactivate some or all of the microorganisms found in or on such waste.

1.06 "STERICYCLE EXCLUSIVE TERRITORY" shall be defined to mean the following countries:

Argentina	Germany	Portugal
Australia	Greece	Saudi Arabia
Austria	Hungary	South Africa
Belgium	Iceland	South Korea
Brazil	Indonesia	Spain
Canada	Ireland	Sweden
Colombia	Italy	Switzerland
Czech Republic	Japan	Taiwan
Denmark	Luxembourg	Thailand
Finland	Mexico	United Kingdom
France	The Netherlands	United States of America
	Norway	

1.07 "IITRI EXCLUSIVE TERRITORY" shall mean all remaining countries not defined as within the STERICYCLE EXCLUSIVE TERRITORY.

2. LICENSE GRANT

2.01 IITRI hereby grants to STERICYCLE and STERICYCLE hereby accepts the fully paid, royalty free, exclusive right and license, including the right to grant sublicenses, to practice IITRI PATENT RIGHTS and IITRI KNOW-HOW, to enable STERICYCLE to make, have made, use, sell, offer to sell, distribute, rent, lease and/or reproduce any portion or embodiment of the IITRI PATENT RIGHTS, to the extent they exist, and the IITRI KNOW-HOW, within the FIELD OF USE in the STERICYCLE EXCLUSIVE TERRITORY.

2.02 STERICYCLE hereby grants to IITRI and IITRI accepts the fully paid, royalty free, exclusive right and license, including the right to grant sublicenses, to practice STERICYCLE PATENT RIGHTS to enable IITRI to use, sell, offer to sell, distribute, rent, and/or lease any portion or embodiment of STERICYCLE PATENT RIGHTS within the FIELD OF USE in the IITRI EXCLUSIVE TERRITORY.

2.03 Where IITRI has the right to do so, IITRI will offer STERICYCLE a license within the STERICYCLE EXCLUSIVE TERRITORY for inventions developed by others that pertain to both the FIELD OF USE and radio-frequency technology.

- 2.04 Where STERICYCLE has the right to do so, STERICYCLE will offer IITRI a license within the IITRI EXCLUSIVE TERRITORY for inventions developed by others that pertain to both the FIELD OF USE and radio-frequency technology.

3. MARKETING

- 3.01 IITRI hereby agrees that STERICYCLE shall have exclusive marketing rights within the FIELD OF USE in the STERICYCLE EXCLUSIVE TERRITORY.
- 3.02 STERICYCLE hereby agrees that IITRI shall have exclusive marketing rights within the FIELD OF USE in the IITRI EXCLUSIVE TERRITORY.
- 3.03 IITRI and STERICYCLE agree to cooperate to the fullest extent possible in the event one party identifies a potential customer within the FIELD OF USE in the other party's EXCLUSIVE TERRITORY.

4. SUPPLY AND SERVICE

- 4.01 IITRI hereby grants to STERICYCLE the right to competitively bid to supply and service IITRI systems within the FIELD OF USE in the IITRI EXCLUSIVE TERRITORY. IITRI hereby grants to STERICYCLE the right to match the most competitive bid to supply and service IITRI systems within the FIELD OF USE in the IITRI EXCLUSIVE TERRITORY.

5. PATENT RIGHTS

- 5.01 IITRI agrees that it will provide STERICYCLE adequate and timely written notice that IITRI intends to let any IITRI PATENT RIGHTS lapse.
- 5.02 IITRI agrees that STERICYCLE shall have the initial right to assume responsibility of any IITRI PATENT RIGHTS that IITRI intends to let lapse.
- 5.03 In the event that STERICYCLE assumes any IITRI PATENT RIGHTS pursuant to Paragraph 5.02, those IITRI PATENT RIGHTS shall become jointly owned by IITRI and STERICYCLE.
- 5.04 STERICYCLE agrees that it will provide IITRI adequate and timely written notice that STERICYCLE intends to let any STERICYCLE PATENT RIGHTS lapse.

- 5.05 STERICYCLE agrees that IITRI shall have the initial right to assume responsibility of any STERICYCLE PATENT RIGHTS that STERICYCLE intends to let lapse.
- 5.06 In the event that IITRI assumes any STERICYCLE PATENT RIGHTS pursuant to Paragraph 5.05, those STERICYCLE PATENT RIGHTS shall become jointly owned by STERICYCLE and IITRI.

6. CONSIDERATION

- 6.01 In consideration of the rights and licenses granted STERICYCLE herein and for the period over which this Agreement is in effect, STERICYCLE has transferred [*] shares of its common stock to IITRI.
- 6.02 In consideration of the rights and licenses granted IITRI herein and for the period over which this Agreement is in effect, IITRI hereby agrees to waive and forego any royalties or other payments that may be due IITRI as provided for under the terms of the RESEARCH AGREEMENT and IITRI shall whenever and wherever possible recommend STERICYCLE as the premier supplier and installer in and of equipment and systems for application and practice of the IITRI PATENT RIGHTS and IITRI KNOW-HOW.

7. GENERAL PROVISIONS

- 7.01 This Agreement shall be interpreted in accordance with the laws of the State of Illinois, U.S.A. and shall be deemed to have been executed and delivered in the State of Illinois, U.S.A.
- 7.02 If any paragraph, section, term, condition or provision of this Agreement shall be finally adjudged to be unlawful or unenforceable for any reason, such article, paragraph, section, term, condition or provision hereby shall be deemed severable herefrom and shall be deemed thereby to be stricken herefrom and shall not thereupon and thereafter otherwise remain in full force and effect undisturbed by such adjudication.
- 7.03 This Agreement shall not be assignable by either party in whole or in part, without the prior written consent of the other party, except that either party may assign all of its rights hereunder together with all of its obligations hereunder to any third party with which it may merge or consolidate, or to which it may transfer substantially all of its property and assets relating to the subject matter of this Agreement.

- 7.04 It is understood and agreed that there shall be no warranty by IITRI, express or implied, as to the results to be obtained utilizing IITRI PATENT RIGHTS and IITRI KNOW-HOW or as to freedom from infringement of any patents of any third party.
- 7.05 It is understood and agreed that there shall be no warranty by STERICYCLE, express or implied, as to the results to be obtained utilizing STERICYCLE PATENT RIGHTS or as to freedom from infringement of any patents of any third party.
- 7.06 IITRI and STERICYCLE agree to fully cooperate and resolve any issue of licensing terms or conditions including exclusivity whenever and wherever possible when IITRI is attempting to sublicense others under Section 2.02.
- 7.07 IITRI and STERICYCLE agree to fully cooperate and resolve any issue of licensing terms or conditions including exclusivity whenever and wherever possible when STERICYCLE is attempting to sublicense others under Section 2.01.
- 7.08 This Agreement, when executed by the parties hereto, shall constitute the entire Agreement between the parties.
- 7.09 This Agreement expressly terminates all sections or provisions in the RESEARCH AGREEMENT.

8. TERM AND TERMINATION

- 8.01 This Agreement shall continue in force from the EFFECTIVE DATE until the last to expire patent owned by either IITRI or STERICYCLE relating to IITRI PATENT RIGHTS as defined and STERICYCLE PATENT RIGHTS as defined, unless this Agreement is terminated earlier by mutual agreement of the parties.

9. NOTICE

- 9.01 All correspondence under this Agreement should be sent to the following addresses:

Attn: Office of the General Counsel
IIT Research Institute
10 West 35th Street
Chicago, IL 60616-3799

Attn: President
Stericycle, Inc.
1419 Lake Cook Road - Suite 410
Deerfield, IL 60015

or such other address to which either party shall give due written notice from time to time.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers, duly authorized as of the date first above written.

IIT Research Institute

Stericycle, Inc.

By: /s/A. L. Valentine

By: /s/Mark C. Miller

Title: Group Vice President

Title: President/CEO

Date: November 10, 1995

Date: November 15, 1995

ATTACHMENT A

TITLE -----	COUNTRY -----	APP. NO. -----	FILING DATE -----	PATENT NO. -----	ISSUE DATE -----
Method and Apparatus For Rendering Medical Materials Safe	USA	08/290,002	8/12/94	Pending	
	USA	08/409,897	03/23/95	Pending	
	USA	08/426,631	04/21/95	Pending	
	USA	08/466,088	06/06/95	Pending	
	USA	08/480,879	06/07/95	Pending	
	CA	2,079,331	03/28/91	Pending	
	EP	91908103.4	03/28/91	Pending	
	CA	2,086,124	07/03/91	Pending	
	EP	91913191.2	07/03/91	Pending	
	CA	2,086,125	07/02/91	Pending	
	EP	91913461.9	07/02/91	Pending	

ATTACHMENT B

TITLE - - - - -	COUNTRY - - - - -	APP. NO. - - - - -	FILING DATE - - - - -	PATENT NO. - - - - -	ISSUE DATE - - - - -
Method For Disinfecting Medical Materials	USA	07/530,438	06/01/90	5,035,858	07/30/91
Device For Disinfecting Materials	USA	07/698,594	05/10/91	5,226,065	07/06/93
Method For Disinfecting Medical Materials	Canada	2027392	10/11/90	Pending	
	EPO	90916602.7	10/15/90	Pending	
	Japan	2-515575	10/15/90	Pending	
Apparatus and Method For Processing Medical Waste	USA	07/586,442	09/21/90	5,106,594	04/21/92
	USA	07/903,906	06/25/92	Pending	
	USA	08/177,803	01/06/94	Pending	
	USA	08/485,480	06/07/95	Pending	
	USA	08/486,394	06/07/95	Pending	
	Australia	85449/91	09/18/91	642533	03/07/94
	Canada	2069430	09/18/91	Pending	
	EPO	91917216.3	09/18/91	Pending	
	Hungary	P9201696	09/18/91	Pending	
	Ireland	920862	03/18/92	Pending	
	Japan	3-515692	09/18/91	Pending	
	Mexico	921455	03/31/92	177232	03/15/95
	Mexico	947607	03/31/92	Pending	
	Russian Fed.	5052770.13	09/18/91	Pending	
	South Korea	701203/92	09/18/91	Pending	

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ALLIANCE AGREEMENT

BETWEEN

BAXTER HEALTHCARE CORPORATION

AND

STERICYCLE, INC.

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B	RECYCLED MATERIALS PRICING EXAMPLE
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ALLIANCE AGREEMENT

This Agreement, made and entered into as of the ____ day of October, 1993 by and between BAXTER HEALTHCARE CORPORATION, a Delaware corporation ("Baxter"), and STERICYCLE, INC., a Delaware corporation ("Stericycle");

WITNESSETH:

WHEREAS, Baxter, through its Convertors/Custom Sterile Pharmaseal Surgical Division (the "Division"), sells and distributes disposable products including drapes, gowns and custom procedure packs for use in medical and surgical procedures;

WHEREAS, Baxter and its customers are concerned about the handling, management, collection, transportation, treatment and disposal of Infectious Medical Waste and Baxter and its customers are seeking solutions for the disposal of Infectious Medical Waste in a manner which minimizes the impact on the environment, and in particular have an interest in recycling as an alternative to current Infectious Medical Waste disposal practices;

WHEREAS, the Division intends to offer a product system that allows customers to choose to have a third party provide for the collection, transportation, treatment and disposal of Infectious Medical Waste in connection with such product system;

WHEREAS, Baxter desires to increase the amount of Baxter Products in the Waste Stream that are recycled for use in other Baxter Products;

WHEREAS, Stericycle is engaged in the business of collecting, transporting, treating and disposing of Infectious Medical Waste and has developed a process for the treatment of Infectious Medical Waste to eliminate infectious substances and then to convert a portion of the resultant product into recyclable materials;

WHEREAS, in particular, Stericycle has certain expertise in, and has developed certain technology with respect to, certain recycling processes with respect to polypropylene found in the Waste Stream;

WHEREAS, Stericycle desires to increase the utilization of its facilities; and

WHEREAS, contemporaneously with the execution of this Agreement, Baxter has made an \$8,000,000 equity investment in Stericycle and Stericycle has issued 70,000 shares of its Class E Preferred Stock to Baxter (together with any Common Stock into which such Preferred Stock may be converted, the "Stericycle Shares").

NOW, THEREFORE, in consideration of the foregoing and of the covenants, agreements, representations and warranties contained in

this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Baxter and Stericycle hereby agree as follows:

SECTION 1. DEFINITIONS.

Capitalized terms used in this Agreement, unless otherwise defined herein, shall have the meanings specified in EXHIBIT A hereto.

SECTION 2. PURPOSES OF ALLIANCE.

2.1. PURPOSES. Subject to the terms of this Agreement, Baxter and Stericycle hereby establish an alliance (the "Alliance") for the following purposes:

(a) To successfully develop an environmentally conscious alternative for the disposal of single-use medical products;

(b) To allow Baxter customers to choose collection, transportation, treatment and disposal services with respect to Infectious Medical Waste in connection with the PBDS;

(c) To increase the amount of Baxter Products that are reduced to recyclable materials and recycled (especially for use in other Baxter Products); and

(d) To increase the amount of recycled materials that are used in Baxter Products.

2.2. MATTERS OUTSIDE OF THE ALLIANCE. Baxter hereby reserves the right to determine in its sole discretion (a) where and how to market the PBDS, (b) the products and services to be included in, or offered to customers in connection with, the PBDS, and (c) the Baxter Products in which to use recycled materials.

2.3. NO PARTNERSHIP. This Agreement is not intended to, and shall not and shall not be deemed to, create a partnership, joint venture or an agency relationship between Baxter and Stericycle. Neither Baxter nor Stericycle shall have any power or authority to make any warranty, representation or agreement on behalf of the other party or to bind the other party contractually or otherwise or represent to any third party that it has any such power or authority (by reason of a partnership, joint venture or an agency relationship or otherwise). Baxter and Stericycle shall each be responsible for the compensation and payment of its own employees, independent contractors and suppliers and the satisfaction of its other obligations (including taxes). Neither Baxter nor Stericycle shall have any liability for the acts or omissions of the other party. Each party is an independent contractor VIS-A-VIS the other party.

SECTION 3. THE COMMITTEE.

3.1. COMPOSITION OF THE COMMITTEE. A committee (the "Committee") consisting of two members representing the Division and two members representing Stericycle is hereby established to oversee the Alliance.

3.2. DUTIES OF THE COMMITTEE. The Committee shall:

(a) Monitor the implementation of the Alliance and provide general direction to the Alliance in a manner consistent with this Agreement;

(b) Direct the Alliance Research and Development Program as follows:

1. Establish general project goals, timetables, specifications, work descriptions and budgets and the general direction of the Alliance Research and Development Program;

2. Manage the expenditure (and the timing thereof) of the amounts held in the Alliance Research and Development Fund;

3. Review the staffing of, and suggest appropriate staffing for, Alliance Research and Development Program projects; and

4. Determine (and make recommendations to Baxter and Stericycle concerning) the additional funding requirements of the Alliance Research and Development Program;

(c) Consult with Baxter concerning the marketing and advertising of the Disposal Services offered in connection with the PBDS;

(d) Coordinate communications between Baxter and Stericycle concerning the Alliance;

(e) Promote the Alliance and its purposes within each organization;

(f) Use its good faith efforts to resolve any disputes between Baxter and Stericycle arising under this Agreement or otherwise concerning the Alliance; and

(g) Take such other actions and perform such other duties as are specified or contemplated by any other provision of this Agreement.

3.3. MEETINGS; ACTION BY THE COMMITTEE. The Committee shall meet at least quarterly and otherwise as frequently as required to carry out its duties. Committee action may be taken either at a

meeting or by written consent. Committee action shall be taken only by the unanimous vote or unanimous consent of the four members constituting the Committee. The Committee shall keep regular minutes of its proceedings and records of all actions taken by the Committee without holding a meeting.

SECTION 4. ALLIANCE RESEARCH AND DEVELOPMENT PROGRAM.

4.1. SCOPE OF PROGRAM. The research and development program to be undertaken by Stericycle at the direction of the Committee (and with Baxter's cooperation) in connection with the Alliance (the "Alliance Research and Development Program") shall be a targeted research and development program devoted specifically to modifying Stericycle's existing recycling technology to increase the amount of the Baxter Products in the Waste Stream that can be recycled into materials used in other Baxter Products.

4.2. STERICYCLE'S EFFORTS. Stericycle shall use its reasonable good faith efforts to achieve the goals of the Alliance Research and Development Program in a timely manner and shall at all times assign appropriate personnel to the Alliance Research and Development Program. The Alliance Research and Development Program shall be Stericycle's primary recycling research and development effort during the first 12 months of the Alliance.

4.3. STERICYCLE IDEAS FOR ALLIANCE RESEARCH AND DEVELOPMENT PROJECTS. Stericycle shall not undertake any research and development project concerning the use in medical or hospital products (including, without limitation, Baxter Products and products competitive with Baxter Products) of recycled materials generated from Infectious Medical Waste unless Stericycle first proposes such project to the Committee in writing. If the members of the Committee representing the Division decide not to pursue such project as part of the Alliance Research and Development Program (or do not take any action with respect to the proposal concerning such project within 120 days after it was first submitted in writing to the Committee), Stericycle may pursue and fund such project independently and any developments or inventions resulting from such project shall be Stericycle Technology; provided that the developments or inventions resulting from such project may not be used by Stericycle, or sold or licensed by Stericycle to third parties for use, in connection with any products competitive with any Baxter Products.

4.4. FUNDING; ACCOUNTING. (a) Stericycle, at the direction of the Committee, shall devote at least \$1,000,000 to the Alliance Research and Development Program. Such funds are intended to be expended during the first 18 months of the Alliance.

(b) Stericycle shall maintain the \$1,000,000 and any additional amounts (obtained from such sources as the Committee may from time to time determine) to be devoted to the Alliance

Research and Development Program (the "Alliance Research and Development Fund") in an interest-bearing account.

(c) Funding for Alliance Research and Development Program projects shall be approved (together with a budget and forecasted payment schedule (the "Budget")) by the Committee on a project by project basis prior to the time a project is undertaken. Funds shall be released from the Alliance Research and Development Fund on an item by item basis for payment of items contemplated by the Budget at such time as the actual costs for such item become payable. Any expense which is incurred in connection with any Alliance Research and Development Program project and which is not contemplated by such project's Budget may not be paid from the Alliance Research and Development Fund unless and until it is approved by the Committee. All individual (or series of related) capital expenditures in excess of [*] (whether or not contemplated by the Budget) shall be approved a second time by the Committee prior to payment from the Alliance Research and Development Fund.

(d) Costs chargeable to the Alliance Research and Development Fund shall be the following direct costs attributable to Alliance Research and Development Program projects which have been approved by the Committee in accordance with Section 4.4(c) of this Agreement:

1. Documentable out-of-pocket costs as evidenced by invoices or receipts received from independent third parties, or, if not supported by such invoices or receipts, specifically approved in advance by the Committee; and

2. Salary or allocated costs for Stericycle employees as approved in advance by the Committee.

4.5. ADDITIONAL RESEARCH AND DEVELOPMENT FUNDING. Upon Stericycle's request made six or more months after the date hereof, Baxter shall consider (taking into account the progress of the Alliance Research and Development Program) providing additional funding to the Alliance Research and Development Program, which funding may be provided by way of an equity investment in Stericycle or otherwise.

4.6. BAXTER RIGHTS WITH RESPECT TO THE ALLIANCE TECHNOLOGY. (a) In each instance, for a period of five years after any Alliance Technology becomes commercially viable or, if longer, the duration of the Alliance (the "Exclusivity Period"), Stericycle shall not (1) make any Alliance Technology available (by way of sale, license or otherwise) to any party (other than Baxter and its affiliates and its suppliers solely for use in Baxter Products) within the continental United States for use in connection with the production of raw materials to be incorporated into products competitive with any Baxter Products, or (2) except as permitted pursuant to Sections 6.2(a) (sales to SAGE) and 6.2(b) of this Agreement, sell

* Omitted; filed separately with the Commission

any party (other than Baxter and its affiliates and its suppliers solely for use in Baxter Products) within the continental United States any recycled raw materials produced using the Alliance Technology for use in connection with products competitive with any Baxter Products.

(b) If at any time during the duration of the Alliance, Stericycle is unable to satisfy Baxter's reasonable requirements for recycled raw materials for use in Baxter Products, at Baxter's request, Stericycle shall grant Baxter or other parties royalty-free, non-exclusive licenses to use the Alliance Technology for the sole purpose of producing recycled raw materials for use in Baxter Products.

(c) If at any time (during or after the duration of the Alliance), Stericycle, in a manner permitted by this Agreement or otherwise with the consent of the Committee, (i) makes the Alliance Technology available (by way of sale, license or otherwise) to any party (other than Baxter and its affiliates and its suppliers) within the continental United States (whether or not for use in connection with the production of raw materials to be incorporated into products which are competitive with Baxter Products), or (ii) sells (including sales pursuant to Sections 6.2(a) (sales to SAGE) and 6.2(b) of this Agreement) any party (other than Baxter and its affiliates and its suppliers) within the continental United States any recycled raw materials produced using the Alliance Technology (whether or not for use in connection with products which are competitive with Baxter Products), Baxter and Stericycle shall share the resulting revenues as follows:

1. In the case of any sale or licensing of Alliance Technology, Baxter and Stericycle shall share the gross proceeds of such sale (net of the reasonable transaction expenses relate to such sale) or the gross licensing income on a [*]; and

2. In the case of any sale of any recycled raw materials produced using the Alliance Technology, Stericycle shall pay Baxter a royalty equal to [*] of Stericycle's gross revenues from such sale.

(d) Upon the conclusion of the Exclusivity Period, Stericycle shall grant Baxter a license, subject to the forfeiture provisions of section 7.7(a) of this Agreement.

(e) After the conclusion of the Exclusivity Period, except with respect to prior sales or licenses of Alliance Technology and sales of recycled raw materials produced using Alliance Technology (and outstanding commitments therefor) made in accordance with and not in violation of this Agreement, Stericycle shall not (i) make any Alliance Technology available (by way of sale, license or otherwise) to any party (other than Baxter and its affiliates and suppliers solely for use in Baxter Products) within the continental

* Omitted; filed separately with the Commission

United States for use in connection with the production of raw materials to be incorporated into products competitive with any Baxter Products, or (ii) except as permitted pursuant to Sections 6.2(a) (sales to SAGE) and 6.2(b) of this Agreement, sell any party (other than Baxter and its affiliates and its suppliers solely for use in Baxter Products) any recycled raw materials produced using the Alliance Technology for use in connection with products competitive with any Baxter Products, unless Stericycle first:

1. Advises Baxter in writing of the nature of the proposed transaction and the identity of the prospective purchaser or licensee, if any;

2. Offers such Alliance Technology (and all of Stericycle's rights with respect thereto, including all rights to receive payment of royalties), or at Baxter's option, an exclusive license of such Alliance Technology (subject only to the then existing licenses thereof) to Baxter;

3. Negotiates in good faith with Baxter concerning Stericycle's offer, provided that, within 30 days after Baxter's receipt of such offer, Baxter notifies Stericycle of Baxter's desire to negotiate concerning such offer; and

4. Completes the proposed transaction with the proposed purchaser or licensee or another purchaser or licensee (on terms no more favorable to such purchaser or licensee than those offered to Baxter) within 60 days after the earlier of (A) the date of Baxter's notice to Stericycle that Baxter does not desire to acquire the Alliance Technology or an exclusive license thereto, (B) the 30th day after Baxter's receipt of Stericycle's offer, if Baxter does not notify Stericycle of Baxter's desire to negotiate concerning such offer within such 30-day period, and (C) the date of the termination of negotiations between Baxter and Stericycle concerning Stericycle's offer, if, after good faith negotiation for a period of at least 60 days from the date Baxter notifies Stericycle that Baxter desires to negotiate concerning Stericycle's offer, Baxter and Stericycle are unable to reach an agreement concerning the terms of the sale or license of the Alliance Technology to Baxter.

If Baxter does not acquire the Alliance Technology or an exclusive license thereto pursuant to the foregoing offer, the License shall continue on a non-exclusive basis, subject to the forfeiture provisions of Section 7.7(a) of this Agreement.

4.7. PROTECTION OF THE ALLIANCE TECHNOLOGY. (a) Stericycle shall disclose all developments and inventions resulting from the Alliance Research and Development Program to the Committee for determination of patent potential and authorization of expenditures relating to patentability or other appropriate protection. Stericycle, subject to the direction of the Committee, shall timely

take all necessary steps to protect the Alliance Technology and shall not grant any Encumbrances with respect to, or allow any Encumbrances to be placed upon, the Alliance Technology without the approval of the Committee, except the permitted liens set forth in SCHEDULE 4.7 to this Agreement.

(b) If Baxter and Stericycle (acting through their respective representatives on the Committee) both vote against seeking patent (or other appropriate) protection of any development or invention, such development or invention shall remain Alliance Technology, but Stericycle shall not seek such protection with respect thereto.

(c) If either Baxter or Stericycle (acting through their respective representatives on the Committee) votes against seeking patent (or other appropriate) protection of any development or invention and the Committee determines that such development or invention IS NOT related to the purposes of the Alliance, the party voting in favor of seeking such protection, at its sole cost and expense, shall have the right to seek such protection. If such party elects to seek such protection (and in good faith prosecutes the patent application (or other appropriate registration or filing) with respect thereto) and reimburses the Alliance Research and Development Fund for the reasonable development costs of such development or invention, such development or invention SHALL NOT be Alliance Technology and the party voting against seeking such protection shall cooperate in all reasonable respects with the prosecution of the patent application (or other appropriate registration or filing) and assign all of its rights in such development or invention to the other party.

SECTION 5. DISPOSAL SERVICES.

5.1. BAXTER NOT ENGAGED IN COLLECTION, TRANSPORTATION, TREATMENT OR DISPOSAL SERVICES. Without limiting Baxter's obligations under this Agreement, although Baxter's customers may purchase the Disposal Services from Stericycle in connection with the PBDS, Baxter is not, and does not intend to be or become or be deemed to be, engaged in the collection, transportation, treatment or disposal of Infectious Medical Waste, the sale of collection, transportation, treatment or disposal services with respect to Infectious Medical Waste, or the arrangement for the collection, transportation, treatment or disposal of Infectious Medical Waste by virtue of this Agreement or the Alliance and nothing in this Agreement shall be construed to the contrary.

5.2. STERICYCLE EXCLUSIVITY. Stericycle shall not within the continental United States provide collection, transportation, treatment and disposal services with respect to Infectious Medical waste in connection with any PBDS-Like Product.

5.3. BAXTER EXCLUSIVITY; EXCEPTIONS. (a) Baxter may offer the PBDS to any customer without also offering the customer the option of selecting the Disposal Services in connection therewith; but, in connection with, or as part of, the PBDS, Baxter shall not offer a customer the option of selecting collection, transportation, treatment and disposal services within the continental United States that are provided by a party other than Stericycle.

(b) Notwithstanding the foregoing, Baxter may offer its customers the option of selecting collection, transportation, treatment and disposal services in connection with the PBDS provided by a party other than Stericycle: (1) if collection, transportation, treatment and disposal services (which include the recycling of Infectious Medical Waste) are developed by any other party which render the Stericycle recycling process, in Baxter's reasonable judgment, noncompetitive, or (2) with respect to any Baxter customer, if (i) Stericycle does not have the technical or administrative capability to provide the Disposal Services or any administrative services related thereto to such customer, (ii) Stericycle does not have a facility which is reasonably accessible to such customer, or (iii) there is any Law which prevents the transportation of Infectious Medical Waste from such customer's facility to a Stericycle facility.

5.4. PRICING OF THE DISPOSAL SERVICES; BILLING. (a) During an initial test market period (which will conclude no later than March 31, 1994 or such later date as determined by the Committee) for the Disposal Services, Stericycle shall charge [

*

].

(b) At the conclusion of the test market period, Stericycle's charges for the Disposal Services shall be adjusted to [

*

].

(c) So long as the Alliance continues, Stericycle and Baxter shall use their respective good faith reasonable efforts to reduce their respective costs for providing the PBDS and the Disposal Services in connection therewith and Baxter and Stericycle [

*

]

(d) Stericycle shall invoice Baxter (1) in an amount equal to [

*

]

* Omitted; filed separately with the Commission

[
*
] to Baxter and (2) an amount equal to[
*
(see Sections 5.4(a) and (b) of this Agreement) [
*
]

], or on any such other basis or at such other times as determined by the Committee. Subject to the right in good faith to dispute the charges reflected on such invoices, the charges reflected on such invoices shall be payable within 30 days after the date of the invoice. As a convenience to Baxter's customers, Baxter's charges for the PBDS and Stericycle's charges for the Disposal Services shall be billed to the customer on a single invoice.

5.5. STERICYCLE'S RELATIONSHIP WITH BAXTER'S PBDS CUSTOMERS. Stericycle shall [*] with each of Baxter's customers electing the Disposal Services in connection with the PBDS on terms that are reasonably satisfactory to Baxter and such customer (including indemnification provisions substantially like the indemnification provisions contained in this Agreement (Section 8.1) with respect to the Disposal Services). As soon as practicable after the date hereof, Stericycle shall develop, in consultation with Baxter, a form of customer contract to be used by Stericycle in connection with the Disposal Services. Stericycle shall remove all Infectious Medical Waste from such customer's facility at such times as may be agreed upon by Stericycle and such customer and provide such other services associated with the handling, management, collection, transportation, treatment and disposal of Infectious Medical Waste as such customer may reasonably request. Stericycle shall make available to each of Baxter's customers electing the Disposal Services in connection with the PBDS such service representatives and technical support as Baxter or such customer may from time to time reasonably request.

5.6. MARKETING SURPORT. (a) Stericycle shall provide marketing, advertising and sales literature concerning its services related to the handling, management, collection, transportation, treatment, disposal and recycling of Infectious Medical Waste in such quantities as may be reasonably requested by Baxter and such other marketing, advertising and sales support as may be reasonably requested by Baxter. If the Committee deems it necessary, Baxter and Stericycle shall jointly develop marketing, advertising and/or sales literature describing the Disposal Services customers may select in connection with the PBDS. In conjunction with the marketing and advertising of the Disposal Services offered in connection with the PBDS, Baxter shall not use or disseminate any literature describing Stericycle's services (other than literature prepared and provided to Baxter by Stericycle) unless Stericycle has in writing consented (which consent shall not be unreasonably withheld) to the use of such literature.

* Omitted; filed separately with the Commission

(b) Stericycle shall use its reasonable efforts to introduce its current customers to Baxter sales representatives for the purpose of marketing the PBDS to such customers.

SECTION 6. RECYCLING SERVICES.

6.1. SERVICES; MAXIMIZE RECYCLING. Stericycle shall provide the Recycling Services to Baxter on the terms specified by this Agreement. Baxter and Stericycle shall use their respective good faith reasonable efforts to recycle as much of the materials contained in the Waste Stream as possible. Baxter shall throughout its organization promote the use of recycled materials in Baxter Products.

6.2. EXCLUSIVITY; EXCEPTIONS. (a) Except as provided in Section 6.2(b) of this Agreement, Stericycle shall grant Baxter and its suppliers exclusive use of all recycled materials processed from the Waste Stream generated by Stericycle's facilities located within the continental United States (excluding those used for the SAGE products and processed using the Stericycle Technology or the technology currently jointly owned by Stericycle and SAGE) for use in Baxter Products.

(b) If Stericycle produces more recycled material than Baxter requires, subject to Section 4.6(c) of this Agreement, Stericycle may provide such excess materials to other parties for product production, so long as the products in which such materials are used do not compete with any Baxter Product.

6.3. PRICING. The price to Baxter of recycled raw materials shall be determined as follows:

- (a) [*]
- (b) [*]

An example of the operation of the pricing formula is attached hereto as EXHIBIT B.

6.4. SPECIFICATIONS. The recycled raw materials shall meet the specifications determined by the Committee.

6.5. TERMS OF SALE. The recycled raw materials shall be sold to Baxter and its suppliers on the terms of Baxter's or such supplier's, as appropriate, standard purchase order.

* Omitted; filed separately with the Commission

SECTION 7. TERM; TERMINATION.

7.1. INITIAL TERM; RENEWAL TERMS. The initial term of the Alliance shall commence on the date hereof and, unless earlier terminated in accordance with the provisions of this Section 7, shall continue until the fifth anniversary of the date hereof. On such fifth anniversary and on each anniversary thereafter, the term of the Alliance shall be automatically renewed for subsequent one year renewal terms unless the term of the Alliance is earlier terminated in accordance with the provisions of this Section 7 or unless written notice of termination is given by either Baxter or Stericycle at least six months prior to the end of the initial term or any renewal term.

7.2. TERMINATION BY MUTUAL AGREEMENT. The Alliance may be terminated at any time by the mutual written agreement of Baxter and Stericycle.

7.3. TERMINATION BY EITHER PARTY. The Alliance may be terminated at any time by either Baxter or Stericycle (the "Terminating Party") by written notice (and, in the case of subsection (a) of this Section 7.3, the passage of the 60-day cure period) to the other party (the "Non-Terminating Party") of the occurrence of any of the following events given within 180 days after the Terminating Party first becomes (or reasonably should have become) aware of such event:

(a) Any material breach of or default under any provision of this Agreement by the Non-Terminating Party which is not waived in writing by the Terminating Party or remains uncured for a period of 60 days after written notice of such breach or default is given to the Non-Terminating Party by the Terminating Party;

(b) At any time after the Alliance has been in existence for more than 18 months, less than one-third of Baxter's PBDS customers electing to purchase the Disposal Services in connection with the PBDS; or

(c) The Bankruptcy or Dissolution of the Non-Terminating Party.

7.4. TERMINATION BY BAXTER. The Alliance may be terminated at any time by Baxter by written notice to Stericycle of the occurrence of any of the following events given, in the case of subsections (a) and (d), within 180 days after Baxter first becomes (or reasonably should have become) aware of such event, or, in any other case, at any time after:

(a) A Baxter Competitive Event;

(b) The failure of the Alliance Research and Development Program to result within 18 months after the inception of the Alliance in commercially viable technology for the recycling of

such of the Baxter Products in the Waste Stream that are from time to time specified by the Committee into materials suitable for incorporation into such other Baxter Products as are from time to time specified by the Committee in amounts or at a rate as forecast from time to time by the Committee;

(c) The development by any other party of collection, transportation, treatment and disposal services (which include the recycling of Infectious Medical Waste) which render the Stericycle recycling process, in Baxter's reasonable judgment, noncompetitive;

(d) The general lack of capacity by Stericycle to satisfy the Disposal Services needs of Baxter's PBDS customers having facilities located in regions serviced by Stericycle, the general dissatisfaction of Baxter's customers with the services provided by Stericycle, or the general lack of capacity by Stericycle to provide to Baxter the types and amounts of recycled raw materials as from time to time specified by the Committee; or

(e) Baxter determining in its sole and absolute discretion for any reason (whether based on concern about legal liability, reputational damage or otherwise) that it is dissatisfied or uncomfortable in any respect with the management by Stericycle or any of Stericycle's Subcontractors or any party hired or otherwise retained to assist in the provision of the services offered by Stericycle (which if directly hired or retained by Stericycle would have been a Subcontractor) of their respective environmental or employee health and safety related affairs, their respective storage, handling, collection, transportation, treatment or disposal of Infectious Medical Waste or Contaminants, the conditions at any of their respective facilities with respect to environmental or employee health and safety matters, or their compliance (or efforts or attempts to comply) with environmental or employee health and safety Laws.

7.5. TERMINATION BY STERICYCLE. The Alliance may be terminated at any time by Stericycle by written notice to Baxter of the occurrence of any of the following events given, in the case of subsections (b) and (c), within 180 days after Stericycle first becomes (or reasonably should have become) aware of such event, or, in any other case, at any time after:

(a) The failure by Baxter (or its suppliers), at any time after the Alliance has been in existence for more than 18 months, to purchase at least the types and amounts of recycled raw materials from the Waste Stream using the Alliance Technology as are from time to time specified by the Committee and are suitable for incorporation in Baxter Products;

(b) The termination by Baxter pursuant to Section 5.3(b)(1) of this Agreement of Stericycle's exclusivity with respect to the provision of collection, transportation, treatment and disposal services in connection with the PBDS as a result of the development by a party other than Stericycle of collection, transportation,

treatment and disposal services (which include the recycling of Infectious Medical Waste) which render the Stericycle recycling process, in Baxter's reasonable judgement, noncompetitive; or

(c) A Stericycle Competitive Event.

7.6. CONSEQUENCES OF EARLY TERMINATION. (a) Any notice of termination of the Alliance given by Baxter pursuant to Section 7.3(a) (as a result of a willful breach or default by Stericycle) or 7.4(a) of this Agreement shall describe the basis upon which Baxter believes that it is entitled to terminate the Alliance pursuant to such Section. If the Alliance is terminated by Baxter pursuant to Section 7.3(a) (as a result of a willful breach or default by Stericycle) or 7.4(a) of this Agreement, promptly upon such termination, Stericycle shall transfer the Alliance Technology and all of Stericycle's rights therein (including all rights to receive royalty payments) to Baxter and thereafter, for a period of 180 days, Baxter shall be entitled to "put" all, but not less than all, of the Stericycle Shares to Stericycle (without the other stockholders having a right to participate in the redemption) at their Liquidation Value plus all accumulated and unpaid dividends thereon (determined in accordance with Stericycle's Charter) through the date of redemption ("Special Redemption Rights"). In connection with the Special Redemption Rights, Stericycle shall pay Baxter the full amount of the redemption price in a single lump-sum cash payment within 45 days after the date of Baxter's written notice to Stericycle of the exercise of the Special Redemption Rights. Contemporaneously with the payment of the redemption price by Stericycle, Baxter shall deliver to Stericycle the certificates representing the Stericycle Shares and a duly executed assignment transferring the Stericycle Shares to Stericycle free and clear of Encumbrances (other than restrictions under federal and state securities laws).

(b) Any notice of termination of the Alliance given by Stericycle pursuant to Section 7.3(a) (as a result of a willful breach or default by Baxter) or 7.5(c) of this Agreement shall describe the basis upon which Stericycle believes that it is entitled to terminate the Alliance pursuant to such Section. If the Alliance is terminated by Stericycle pursuant to Section 7.3(a) (as a result of a willful breach or default by Baxter) or 7.5(c) of this Agreement, promptly upon such termination, Baxter shall transfer all of its rights in the Alliance Technology to Stericycle (and Baxter's rights to receive payments under Sections 4.6(c) and 9.1(d) of this Agreement shall immediately terminate) and thereafter, for a period of 180 days, Stericycle will be entitled to "call" all, but not less than all, the Stericycle Shares at their Liquidation Value (the "Call Rights"). In connection with the Call Rights, Stericycle shall pay Baxter the full amount of the redemption price in a single lump-sum cash payment within 15 days after the date of Stericycle's written notice to Baxter of the exercise of the Call Rights. Contemporaneously with the payment of the redemption price by Stericycle, Baxter shall deliver to

Stericycle the certificates representing the Stericycle Shares and a duly executed assignment transferring the Stericycle Shares to Stericycle free and clear of Encumbrances (other than restrictions under federal and state securities laws).

(c) If the Alliance is terminated by Baxter pursuant to Section 7.3(a) (other than as a result of a willful breach or default by Stericycle), 7.3(b), 7.3(c), 7.4(b), 7.4(c), 7.4(d), or 7.4(e) of this Agreement, or by Stericycle pursuant to Section 7.3(a) (other than as a result of a willful breach or default by Baxter), 7.3(b), 7.3(c), 7.5(a), or 7.5(b) of this Agreement, promptly upon such termination, Stericycle shall grant Baxter a License on a non-exclusive basis and, except as provided in Section 7.7 of this Agreement, Baxter WILL NOT be entitled to the Special Redemption Rights and Stericycle WILL NOT be entitled to the Call Rights.

7.7. POST-TERMINATION FORFEITURE OF RIGHTS TO ALLIANCE TECHNOLOGY; POST-TERMINATION SPECIAL REDEMPTION RIGHTS AND CALL RIGHTS. (a) Provided (except in the case of a termination of the Alliance by Baxter pursuant to Section 7.4(e) of this Agreement) that a Baxter Competitive Event shall not have first occurred, if at any time within 18 months after the termination of the Alliance by Baxter pursuant to Section 7.3(a) (other than as a result of a willful breach or default by Stericycle), 7.3(c), 7.4(b), 7.4(c), or 7.4(e) of this Agreement or the non-renewal of the Alliance by Baxter, a Stericycle Competitive Event occurs, Baxter's rights with respect to the Alliance Technology shall automatically be transferred to Stericycle (and Baxter's rights to receive payments under Sections 4.6(c) and 9.1(d) of this Agreement shall immediately terminate) and, for a period of 180 days after the date Stericycle reasonably should have become aware of such event, Stericycle shall be entitled to exercise the Call Rights.

(b) Provided that a Stericycle Competitive Event shall not have first occurred, if at any time within 18 months after the termination of the Alliance by Stericycle pursuant to Section 7.3(a) (other than as a result of a willful breach or default by Baxter), 7.3(c) or 7.5(b) of this Agreement or the non-renewal of the Alliance by Stericycle, a Baxter Competitive Event occurs, all of Stericycle's rights with respect to the Alliance Technology (including all rights to receive royalty payments) shall automatically be transferred to Baxter and, for a period of 180 days after the date Baxter reasonably should have become aware of such event, Baxter shall be entitled to exercise the Special Redemption Rights.

7.8. POST-TERMINATION COOPERATION. Following any termination or non-renewal of the Alliance: (a) Baxter and Stericycle shall cooperate with each other in good faith to, in an orderly manner, notify the PBDS customers which have elected the Disposal Services of the cessation of the Alliance and the effect of such cessation upon such customers and arrange for the

transition of the billing of such customers for the Disposal Services; (b) Stericycle shall continue to provide the Disposal Services to such customers on the terms of the contracts between Stericycle and such customers until such time as such customers make other arrangements for the provision of collection, transportation, treatment and disposal services with respect to Infectious Medical Waste; and (c) such customers may terminate their agreements with Stericycle at any time.

7.9. SURVIVAL OF CERTAIN PROVISIONS OF THIS AGREEMENT. Notwithstanding anything in this Agreement to the contrary, the parties' respective rights and obligations under Sections 2.3, 4.6(d), 5.1, 7.7, 7.8, 7.9, 8, 9.6, 9.7 and 11, and (except in the case of a termination pursuant to 7.3(a) (as a result of a willful breach or default by Baxter) or 7.5(c)) 4.6(c) and 9.1(d), and (except in the case of a termination pursuant to 7.3(a) (as a result of a willful breach or default by Baxter), 7.4(e) or 7.5(c)) 4.6(a) and 4.6(e), of this Agreement, as well as all payment obligations arising on or before the date of the termination or expiration of the term of the Alliance, shall survive such termination or expiration; provided, however, that the rights and obligations of Baxter and Stericycle with respect to indemnification pursuant to Sections 8.2(a)(4) and (5) and 8.2(b)(3) and (4) of this Agreement shall terminate and cease to be of any further force or effect upon the second anniversary of the termination or expiration of the term of the Alliance and all notices of claims thereunder must be given on or before such second anniversary.

SECTION 8. INDEMNITIES.

8.1. STERICYCLE DISPOSAL SERVICES INDEMNITY. Without limitation of any other provision hereof and notwithstanding anything in this Agreement to the contrary, from and after the date of this Agreement, Stericycle promptly shall indemnify, defend and hold harmless Baxter and each of its PBDS customers which elect the Disposal Services and each of its and their respective directors, officers, employees and representatives (individually, a "Disposal Indemnified Party") from and against any and all Damages suffered or incurred by a Disposal Indemnified Party resulting from, arising out of, in connection with, or relating to the Disposal Services (including, without limitation, those resulting from, arising out of, in connection with or relating to (a) any actual or alleged violation by Stericycle or any of its Subcontractors of any Laws pertaining to environmental or employee health and safety matters, (b) any release or threatened release of any Contaminant from any facility owned or operated by Stericycle or any of its Subcontractors into the indoor or outdoor environment, or (c) any actual or alleged injury or damage to persons (including any Stericycle employees) or property caused by any actual or alleged acts or omissions of Stericycle or any of its Subcontractors) (any of the foregoing, a "Disposal Matter"), except (1) with respect to any Disposal Indemnified Party, to the extent

that any Matter specifically results from, arises out of, is in connection with or relates to the gross negligence or willful misconduct of such Disposal Indemnified Party or any of its directors, officers, employees or representatives, and (2) with respect to any Baxter customer or any director, officer, employee or representative of any Baxter customer, to the extent that any Disposal Matter specifically results from, arises out of, is in connection with or relates to any acts or omissions (other than those taken pursuant to instructions or directions given by Stericycle or any of its directors, officers, employees or representatives and in which the customer is not negligent) of such Baxter customer or any of its directors, officers, employees or representatives.

8.2. MUTUAL INDEMNITY. (a) Without limitation of any other provision hereof, from and after the date of this Agreement, Stericycle promptly shall indemnify, defend and hold harmless Baxter and each of its directors, officers, employees and representatives (individually, a "Baxter Indemnified Party") from and against any and all Damages suffered or incurred by a Baxter Indemnified Party resulting from, arising out of, in connection with or relating to any of the following (a "Baxter Matter"):

1. Stericycle's business, assets or properties or the ownership or operation thereof before the commencement, during the duration, or after the termination, of the Alliance (including, without limitation, the Recycling Services or the Alliance Research and Development Program);

2. Any willful misconduct or gross negligence by Stericycle or any of its directors, officers, employees or representatives in connection with the Alliance;

3. Any infringement or alleged infringement by any of the Alliance Technology upon the intellectual property rights of any third party (other than any infringement or alleged infringement arising out of (i) Baxter's use of the Alliance Technology or production or sale of Baxter Products using the Alliance Technology in any jurisdiction of which Stericycle has given Baxter written notice that Stericycle in good faith reasonably believes the use of the Alliance Technology or the production or sale of products using the Alliance Technology would infringe upon the intellectual property rights of a specified third party or (ii) Improvements (but only to the extent of such Improvements) developed by Baxter);

4. Any warranty or representation made by Stericycle in this Agreement being incorrect or untrue at the time made; or

5. Stericycle's breach of any covenant or agreement made by Stericycle in this Agreement.

Notwithstanding the foregoing, Stericycle shall have no obligation to indemnify, defend or hold harmless any Baxter Indemnified Party with respect to any Baxter Matter specifically resulting from, arising out of, in connection with, or relating to any Baxter Product (which shall not include the Disposal Services in connection with the PBDS or recycled raw materials provided by Stericycle and incorporated in Baxter Products which are defective or which are infectious when provided to Baxter).

(b) Without limitation of any other provision hereof, from and after the date of this Agreement, Baxter promptly shall indemnify, defend and hold harmless Stericycle and each of its directors, officers, employees and representatives (individually, a "Stericycle Indemnified Party") from and against any and all Damages suffered or incurred by a Stericycle Indemnified Party resulting from, arising out of, in connection with or relating to any of the following (a "Stericycle Matter"):

1. Baxter's business, assets or properties or the ownership or operation thereof before the commencement, during the duration, or after the termination, of the Alliance;
2. Any willful misconduct or gross negligence by Baxter or any of its directors, officers, employees or representatives in connection with the Alliance;
3. Any warranty or representation made by Baxter in this Agreement being incorrect or untrue at the time made;
4. Baxter's breach of any covenant or agreement made by Baxter in this Agreement; or
5. Any infringement or alleged infringement by the Alliance Technology upon the intellectual property rights of any third party arising out of Baxter's use of the Alliance Technology or production or sale of Baxter Products using the Alliance Technology in any jurisdiction of which Stericycle has given Baxter written notice that Stericycle in good faith reasonably believes the use of the Alliance Technology or the production or sale of products using the Alliance Technology would infringe upon the intellectual property rights of a specified third party.

Notwithstanding the foregoing, Baxter shall have no obligation to indemnify, defend or hold harmless any Stericycle Indemnified Party with respect to any Stericycle Matter specifically resulting from, arising out of, in connection with, or relating to the Disposal Services or any other Stericycle product or service.

8.3. INDEMNITY PROCEDURES. An Indemnified Party shall give written notice to the party which is required to provide indemnification hereunder (an "Indemnifying Party") within thirty

days from discovery by the Indemnified Party of any claim, demand or suit by a third party which may give rise to a claim for indemnification hereunder (a "Claim"), but the failure to so notify the Indemnifying Party shall not release the Indemnifying Party from any liability hereunder (except to the extent that such failure prejudices the Indemnifying Party with respect to such Claim). The Indemnifying Party shall have the right to defend against any such Claim provided (a) the Indemnifying Party shall, within 20 days after the giving of such notice by the Indemnified Party, notify the Indemnified Party that the Indemnifying Party shall, at its own cost and expense, defend the same, and (b) such defense is instituted and continuously maintained in good faith by the Indemnifying Party. The Indemnifying Party shall not settle any Claim without the written consent of the Indemnified Party (which consent shall not be unreasonably withheld). The Indemnified Party may, if it so elects, designate its own counsel to participate along with counsel selected by the Indemnifying Party in the conduct of such defense, and the Indemnified Party shall, in such event, pay the fees of any counsel so designated by the Indemnified Party. In any event, the Indemnified Party shall be kept fully advised as to the status of such defense. If the Indemnifying Party shall be given notice of a Claim as aforesaid and shall fail to notify the Indemnified Party of its election to defend such Claim within the time and as prescribed herein, or after having so elected to defend such Claim shall fail to institute and continuously maintain such defense in good faith, the Indemnified Party shall have the right to negotiate, settle (unless such settlement involves the admission of guilt by the Indemnifying Party or imposes any injunctive remedy against the Indemnifying Party, in which case, the consent (which shall not be unreasonably withheld) of the Indemnifying Party shall be required) or defend such Claim (a "Rejected Claim") at the Indemnifying Party's cost and expense (including reasonable fees and expenses of the Indemnified Party's counsel) and the Indemnifying Party shall, at the request of the Indemnified Party, cooperate with the Indemnified Party with respect thereto. If the defense of any Claim indemnified against hereunder by the Indemnifying Party shall be unsuccessful or if the Indemnified Party shall have negotiated, settled or defended (successfully or unsuccessfully) any Rejected Claim as aforesaid, then, in any such event, if the Indemnified Party is entitled to indemnification under this Section 8, the Indemnifying Party shall, within 10 days after notice from the Indemnified Party requesting the Indemnifying Party to do so, fully satisfy and discharge the Claim, settlement or Rejected Claim and reimburse the Indemnified Party for all costs and expenses paid or incurred by the Indemnified Party with respect to such Claim, settlement or Rejected Claim to the extent provided in this Section 8.

SECTION 9. OTHER COVENANTS AND AGREEMENTS.

9.1. NON-U.S. AREAS. (a) Prior to developing any facility in any geographic area outside of the continental United States (a "Non-U.S. Area") or entering into any agreement pertaining to the development of any such facility, Stericycle shall give the Committee written notice of such proposed facility and thereafter shall keep the Committee advised of the progress of the development of such facility.

(b) Stericycle shall not enter into any agreement with any party granting such party the right to purchase all or any substantial portion of the recycled raw materials produced at any facility located in any Non-U.S. Area, unless Stericycle first:

1. Advises Baxter in writing of the nature of the proposed transaction and the identity of the prospective purchaser of such recycled raw materials, if any;
2. Offers Baxter the right to purchase all or such other substantial portion of the recycled raw materials produced by such facility;
3. Negotiates in good faith with Baxter concerning Stericycle's offer, provided that, within 30 days after Baxter's receipt of such offer, Baxter notifies Stericycle of Baxter's desire to negotiate concerning such offer; and
4. Completes the proposed transaction with the proposed purchaser or another purchaser (on terms no more favorable to such purchaser than those offered to Baxter) within 60 days after the earlier of (A) the date of Baxter's notice to Stericycle that Baxter does not desire to purchase all or such other substantial portion of the recycled raw materials produced by such facility, (B) the 30th day after Baxter's receipt of Stericycle's offer, if Baxter does not notify Stericycle of Baxter's desire to negotiate concerning such offer within such 30-day period, and (C) the date of the termination of negotiations between Baxter and Stericycle concerning Stericycle's offer, if, after good faith negotiation for a period of at least 60 days from the date Baxter notifies Stericycle that Baxter desires to negotiate concerning Stericycle's offer, Baxter and Stericycle are unable to reach an agreement concerning the terms of the purchase of such recycled raw materials.

(c) Stericycle shall not (i) make the Alliance Technology available (by way of sale, license or otherwise) to any party in any Non-U.S. Area for use in connection with the production of recycled raw materials to be incorporated into hospital or medical products or (ii) enter into any agreement to produce recycled raw materials to be incorporated into hospital or medical products

using the Alliance Technology for any party at any facility located in any Non-U.S. Area, unless Stericycle first:

1. Advises Baxter in writing of the nature of the proposed transaction and the identity of the prospective purchaser or licensee, if any;

2. Offers Baxter an exclusive license to use the Alliance Technology in such Non-U.S. Area or the exclusive right to purchase the recycled raw materials produced by Stericycle at such facility using the Alliance Technology;

3. Negotiates in good faith with Baxter concerning Stericycle's offer, provided that, within 30 days after Baxter's receipt of such offer, Baxter notifies Stericycle of Baxter's desire to negotiate concerning such offer; and

4. Completes the proposed transaction with the proposed purchaser or licensee or another purchaser or licensee (on terms no more favorable to such purchaser or licensee than those offered to Baxter) within 60 days after the earlier of (A) the date of Baxter's notice to Stericycle that Baxter does not desire to acquire an exclusive license to use the Alliance Technology in such Non-U.S. Area or the exclusive right to purchase the recycled raw materials produced by Stericycle at such facility using the Alliance Technology, (B) the 30th day after Baxter's receipt of Stericycle's offer, if Baxter does not notify Stericycle of Baxter's desire to negotiate concerning such offer within such 30-day period, and (C) the date of the termination of negotiations between Baxter and Stericycle concerning Stericycle's offer, if, after good faith negotiation for a period of at least 60 days from the date Baxter notifies Stericycle that Baxter desires to negotiate concerning Stericycle's offer, Baxter and Stericycle are unable to reach an agreement concerning the terms of such license or such purchase.

(d) If Stericycle, at any time during or after the duration of the Alliance, in a manner permitted by this Agreement makes the Alliance Technology available (by way of sale, license or otherwise) to any party in any Non-U.S. Area for any purpose or sells recycled raw materials produced using the Alliance Technology for any purpose to any party at any facility located in any Non-U.S. Area, Baxter and Stericycle shall share the resulting revenues as follows:

1. In the case of any sale or licensing of Alliance Technology, Baxter and Stericycle shall share the gross proceeds of such sale (net of the reasonable transaction expenses relate to such sale) or the gross licensing income on a [*] and

* Omitted; filed separately with the Commission

2. In the case of any sale of any recycled raw materials produced using the Alliance Technology, Stericycle shall pay Baxter a royalty equal to [*] of Stericycle's gross revenues from such sale.

(e) Stericycle shall not enter into any agreement with any party to provide collection, transportation, treatment, disposal and/or recycling services in any Non-U.S. Area in connection with any PBDS-Like Product, unless Stericycle first:

1. Advises Baxter in writing of the nature of the proposed transaction and the identity of the party, if any, proposing to offer the PBDS-Like Product;

2. Offers to provide the Disposal Services to Baxter customers in such Non-U.S. Area in connection with the PBDS or another Baxter product, service or system similar to the PBDS on an exclusive basis;

3. Negotiates in good faith with Baxter concerning Stericycle's offer, provided that, within 30 days after Baxter's receipt of such offer, Baxter notifies Stericycle of Baxter's desire to negotiate concerning such offer; and

4. Completes the proposed transaction with the party or another party proposing to offer the PBDS-Like Product (on terms no more favorable to such party proposing to offer the PBDS-Like Product than those offered to Baxter) within 60 days after the earlier of (A) the date of Baxter's notice to Stericycle that Baxter does not desire to provide the Disposal Services to Baxter customers in such Non-U.S. Area in connection with the PBDS or another Baxter product, service or system similar to the PBDS, (B) the 30th day after Baxter's receipt of Stericycle's offer, if Baxter does not notify Stericycle of Baxter's desire to negotiate concerning such offer within such 30-day period, and (C) the date of the termination of negotiations between Baxter and Stericycle concerning Stericycle's offer, if, after good faith negotiation for a period of at least 60 days from the date Baxter notifies Stericycle that Baxter desires to negotiate concerning Stericycle's offer, Baxter and Stericycle are unable to reach an agreement concerning the terms of the provision of the Disposal Services to Baxter customers in such Non-U.S. Area.

9.2. COMPLIANCE WITH LAWS; PERMITS. Stericycle shall comply with all applicable domestic and foreign, federal, state and local laws, ordinances, rules, regulations, orders and requirements as may be in effect from time to time ("Laws") (including, without limitation, those pertaining to environmental and employee health and safety matters) and make, file, obtain and maintain in force and effect all filings, licenses, permits, approvals, registrations and certifications ("Permits") (including, without limitation,

* Omitted; filed separately with the Commission

those pertaining to environmental and employee health and safety matters) which Stericycle is required to make, file, obtain and/or maintain under applicable Laws in connection with the ownership of its assets and properties or the operation of its business (including, without limitation, the Disposal Services and the Recycling Services), except to the extent that any failure to comply with Laws or to make, file, obtain or maintain any Permit could not reasonably be expected to have a material adverse effect upon Stericycle's ability to perform its obligations under this Agreement or any material adverse effect upon Baxter or any of its customers or suppliers.

9.3. PERIODIC ENVIRONMENTAL AND EMPLOYEE HEALTH AND SAFETY REVIEWS. At least once per year, Stericycle shall perform an audit of its compliance with environmental and employee health and safety Laws. During the first 18 months of the Alliance, Stericycle shall cause an independent third party to perform an audit or audits of its compliance with environmental and employee health and safety laws. The costs to Stericycle of such audits shall be no more than \$20,000 with any additional costs to be shared equally by Baxter and Stericycle. Subsequent to the initial 18 month period, similar audits shall be performed as necessary as determined by the Committee. The annual costs shall be borne by Stericycle but Stericycle shall not be required to pay any amount in excess of \$10,000 per year; provided, however, this amount may be adjusted from time to time by the Committee if additional facilities are brought on line, or if significant compliance problems are identified. Stericycle shall provide Baxter with a copy of the audit reports resulting from the audits referred to in this Section 9.3 and an explanation of Stericycle's proposed actions to address any concerns raised by the audits.

9.4. NO RELEASES OF CONTAMINANTS. Stericycle shall not release any Contaminant into the indoor or outdoor environment in violation of any applicable Laws from any Stericycle facility.

9.5. NO USE OF BAXTER'S NAME ON PERMITS. Stericycle shall not use or permit Baxter's name to be used or appear on any Permits or other documents related to the Disposal Services, unless otherwise required by applicable Laws (and then only after consultation with Baxter and permitting Baxter to communicate with the appropriate agency concerning such use of Baxter's name).

9.6. INSURANCE. Stericycle shall maintain during the term of the Alliance and for a period of two years after any nonrenewal or termination of the Alliance such amounts and types of insurance coverage with such insurers as are comparable for established, well-insured and reputable companies in Stericycle's business and are prudent covering Stericycle with respect to

matters occurring during the term of the Alliance, but in no event less than the following coverages:

(a) Pollution Legal Liability in an amount not less than \$1,000,00 each loss/\$2,000,000 total of all losses with an aggregate annual deductible not to exceed \$100,000;

(b) Comprehensive General Liability in an amount not less than \$2,000,000 each occurrence combined single limit for bodily injury and property damage with an aggregate annual deductible not to exceed \$10,000 to include:

- (i) premises-operations;
- (ii) products/completed operations;
- (iii) blanket contractual liability; and
- (iv) personal injury;

(c) Comprehensive Automobile Liability for owned, hired and non-owned motor vehicles in an amount not less than \$1,000,000 each occurrence combined single limit bodily injury and property damage with an aggregate annual deductible not to exceed \$5,000 or, at any time after Stericycle commences directly transporting Infectious Medical Waste or other waste materials (as opposed to engaging Subcontractors to do so), not less than \$3,000,000 each occurrence combined single limit bodily injury and property damage with an annual aggregate deductible not to exceed \$10,000;

(d) Workers Compensation, occupational diseases and disability benefits in accordance with applicable statutory requirements without any deductible; and

(e) Employer's Liability in an amount not less than \$1,000,000 with an aggregate annual deductible not to exceed \$10,000.

Baxter shall be named as an additional insured on all such insurance policies (excluding Workers' Compensation). Stericycle shall provide Baxter with certificates of insurance evidencing Stericycle's insurance coverage satisfying the foregoing requirements and providing that at least 30 days' written notice shall be provided to Baxter prior to any cancellation, expiration, non-renewal, or material change affecting the insurance coverage, other than the cancellation of such coverage contemporaneously with or after the effectiveness of comparable replacement coverage from a comparable insurer. Notwithstanding the foregoing, the provisions of this Section 9.6 shall not be effective until the 10th business day after the date of this Agreement (on or before which date Stericycle shall deliver to Baxter insurance certificates evidencing the insurance coverage required by this Section 9.6); provided, however, that, during such 10-business day period, Stericycle shall maintain in force and effect the

insurance coverages evidenced by the insurance certificates heretofore delivered to Baxter.

9.7. CONFIDENTIALITY. (a) Subject to Section 11.13 of this Agreement, Baxter, on one hand, and Stericycle, on the other hand, shall not, and shall use their respective reasonable efforts to cause their respective directors, officers, employees and representatives to not: (1) use any information or materials concerning the other party or, except as otherwise contemplated by this Agreement, the Alliance ("Confidential Material") for any purpose other than carrying-out the Alliance; (2) disclose any portion of the Confidential Material to any person, except as reasonably necessary to carry-out the purposes of the Alliance or to protect such party's rights under this Agreement; or (3) make copies of the Confidential Material, except as reasonably necessary to carry-out the purposes of the Alliance or to protect such party's rights under this Agreement.

(b) Notwithstanding the foregoing, Confidential Material shall not include information that: (1) prior to disclosure was publicly available without restriction on use, disclosure or copying; (2) is or hereafter becomes part of the public domain through no act or failure to act on the part of the disclosing party; (3) heretofore has been or hereafter is made available by the other party to third parties without restriction on use, disclosure or copying; (4) the disclosure of which is consented to in writing by the other party; or (5) the disclosing party reasonably believes it is required by applicable Laws to disclose (but only to the extent of such required disclosure and only to the extent disclosed to the parties to which such disclosure is required to be made).

9.8. USE OF TRADEMARKS, ETC. Baxter may use Stericycle's trade names, trademarks and service marks in conjunction with the marketing and advertising of the Disposal Services offered in connection with the PBDS (subject to Section 5.6(a) of this Agreement and the reasonable supervision and control by Stericycle of the use of such names and marks). Stericycle may not use Baxter's trade names, trademarks or service marks without Baxter's written consent.

9.9. ASSIGNMENTS OF INTELLECTUAL PROPERTY RIGHTS. Stericycle shall obtain, and make available to Baxter upon request therefor, appropriate assignments (which are in a form reasonably satisfactory to Baxter) from all employees and independent contractors who participate in or contribute in any manner to the development or invention of patentable subject matter, trade secrets or other proprietary information in connection with, or relating to, the Alliance Research and Development Program.

9.10. FINANCIAL RECORDS. Stericycle shall maintain financial books and records in accordance with good business practices (and, where appropriate, in accordance with GAAP) and, upon request,

permit Baxter to review and inspect such books and records at Stericycle's executive offices during regular business hours to confirm the Research and Development expenditures, Disposal Services charges and Recycling Services charges (and Stericycle's costs therefor).

9.11. SUBCONTRACTORS. Stericycle shall use its reasonable efforts to obtain contractual agreements from each of its Subcontractors engaged after the date hereof (a) to the effect that such Subcontractor shall (1) comply with all applicable Laws, (2) make, file, obtain and maintain all required Permits, and (3) give Stericycle written notice of the occurrence in relation to such Subcontractor or the services to be performed by such Subcontractor of any of the events referred to in Sections 9.13(a), (c) and (e) of this Agreement concerning environmental or employee health and safety matters, and (b) which permit Stericycle to terminate the contract if the Subcontractor breaches in any material respect any of the provisions referred to in subsections (a)(1), (2) and (3) of this Section 9.11. In addition, Stericycle shall use its reasonable efforts (without any obligation to pay additional consideration therefor) to obtain contractual indemnification rights from its Subcontractors for the benefit of Stericycle, Baxter, Baxter's customers and their respective directors, officers, employees and representatives on substantially the terms of Section 8.1 of this Agreement.

9.12. ACCESS TO STERICYCLE'S FACILITIES. Stericycle shall permit Baxter and its agents and representatives, during normal business hours and with reasonably prior notice, access to Stericycle's facilities for the purpose of inspecting Stericycle's books, records, documents, facilities or operations, making copies of any documents, and interviewing Stericycle's employees, representatives or agents, in each case, related to the Alliance.

9.13. NOTICE OF CERTAIN EVENTS. Stericycle, promptly after the Stericycle Officers acquire (or reasonably should have acquired) knowledge thereof, shall notify Baxter in writing of any of the following which are connected with, or arising from, any activities, services or operations of Stericycle or Stericycle's Subcontractors in connection with the Disposal Services, the Recycling Services or the Alliance Research and Development Program: (a) any investigation (other than routine audits and plant inspections and visits), warning, citation, indictment, claim, lawsuit or proceeding issued or instituted by any party (including, without limitation, any of the foregoing issued or instituted against or with respect to Stericycle or any of its Subcontractors by any governmental authority relating to any environmental or employee health and safety matter); (b) any claim for personal injury, death or property damage; (c) any notice from any government agency that any Permit required by Stericycle or any of its Subcontractors to perform the Disposal Services, the Recycling Services or the Alliance Research and Development Program has, or may be, withdrawn or denied; (d) any complaint by a Baxter

customer; (e) any notice or claim to the effect that Stericycle or any of its Subcontractors is or may be liable to any entity as a result of the release or threat of release of any Contaminant into the outdoor or indoor environment; and (f) any changes to any existing environmental or employee health and safety Laws, in each case, which could reasonably be expected to have a material adverse effect on the Disposal Services, the Recycling Services or the Alliance Research and Development Program. Notwithstanding the foregoing, Stericycle shall give Baxter written notice of any of the foregoing (other than the event set forth in subsection (f) of this Section 9.13) relating to environmental or worker exposure matters without regard to any materiality qualification.

9.14. NO INFRINGEMENT. Stericycle shall not knowingly permit the Alliance Technology to infringe any patents, trademarks, service marks, trade names or copyrights of others. Baxter and Stericycle shall each give the other party prompt written notice upon the receipt of any notice of, or after otherwise becoming aware of, any infringement or alleged infringement by the Alliance Technology upon the rights of any third party or any infringement by any third party of any of the Alliance Technology.

9.15. SAGE ACKNOWLEDGEMENT. As soon as practicable after the date of this Agreement, but in no event later than December 31, 1993, Stericycle shall obtain from SAGE, either in the agreement that is to be negotiated by Stericycle and SAGE or separately, an acknowledgement, that shall be reasonably satisfactory to Baxter, that SAGE does not, and will not by virtue of any currently existing agreement or understanding, have any rights or claim with respect to, or the right to restrict the use of any Stericycle Technology in connection with, the Alliance Technology.

9.16. LICENSE AGREEMENT. Contemporaneously with the execution and delivery of this Agreement, Baxter and Stericycle shall execute and deliver a license agreement in the form of EXHIBIT C hereto.

SECTION 10. REPRESENTATION AND WARRANTIES.

10.1. STERICYCLE'S REPRESENTATIONS. Stericycle hereby represents and warrants to Baxter as follows:

(a) Stericycle is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) Stericycle has all necessary corporate power and authority to own and operate all of its properties, assets and rights and conduct and carry on its businesses as currently conducted and to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

(c) The execution, delivery and performance by Stericycle of this Agreement and the consummation by Stericycle of the transactions contemplated hereby have been duly and validly authorized and approved by all necessary corporate action on the part of Stericycle.

(d) This Agreement has been duly and validly executed and delivered by Stericycle and is a valid and legally binding obligation of Stericycle which is enforceable against Stericycle in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or other laws relating to creditors rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(e) The execution, delivery and performance of this Agreement by Stericycle and the consummation by Stericycle of the transactions contemplated hereby will not: (1) result in the violation of any provision of the Certificate of Incorporation or By-laws or other organizational or governance document of Stericycle; (2) result in the violation by Stericycle of any Law applicable to Stericycle; or (3) conflict with, or result in the breach, violation or modification of, any term or provision of, or, with or without the passage of time or the giving of notice, or both, constitute a default under, or permit the acceleration of maturity under or the modification of, any loan agreement, note, debenture, indenture, mortgage, deed of trust, lease, or any other agreement, commitment, document or instrument (including, without limitation, any agreement with SAGE or Afvalverwerking Botlek B.V. "ABV")), or any injunction, writ, order, arbitration award, judgement or decree, or any assignment or Permit to which Stericycle is a party or by which Stericycle or any of its assets or properties are bound, which conflicts, breaches, violations, modifications, defaults or accelerations could reasonably be expected to have a material adverse effect upon Stericycle's ability to perform its obligations under this Agreement or any material adverse effect upon Baxter's rights or liabilities under this Agreement.

(f) Except as set forth in SCHEDULE 10.1(f) hereto, no consent or approval by, or filing with or notice to, any government authority or third party is required to be obtained, made or given by Stericycle in connection with the execution, delivery and performance by Stericycle of this Agreement or the consummation by Stericycle of the transactions contemplated hereby, except where the failure to obtain any such consents and approvals, make such filings or give such notices could not reasonably be expected to have a material adverse effect upon Stericycle's ability to perform its obligations under this Agreement or any material adverse effect upon Baxter's rights or liabilities under this Agreement.

(g) Except as set forth in SCHEDULE 10.1(g) hereto, there are no actions, suits, litigation, proceedings, arbitrations,

claims, counter-claims, investigations or charges (including, without limitation, any arising under environmental or employee health and safety Laws or with respect to any release or threat of release of a Contaminant into the indoor or outdoor environment) pending against or, to the Stericycle Officers' knowledge (after due inquiry), asserted or threatened against, Stericycle or, to the Stericycle Officers' knowledge (without independent inquiry), any of Stericycle's Subcontractors, at law or in equity in any court or before any arbitration panel or before any federal, state or other governmental agency, department, commission, bureau or instrumentality. Neither Stericycle nor, to the Stericycle Officers' knowledge (without independent inquiry), any Subcontractor is subject to or affected by any injunction, order, judgment, decree or ruling of any court or governmental agency or any unsatisfied judgment or settlement (including, without limitation, any of the foregoing relating to environmental or employee health and safety matters or any release or threat of release of a Contaminant into the indoor or outdoor environment) that could reasonably be expected to have a material adverse effect upon Stericycle's ability to perform its obligations under this Agreement or any material adverse effect upon Baxter's rights or liabilities under this Agreement.

(h) Except as set forth in SCHEDULE 10.1(h) hereto, Stericycle and, to the Stericycle Officers' knowledge (without independent inquiry), each of Stericycle's Subcontractors (1) is in compliance with all, and not in breach or violation of or default under any, applicable Laws (including, without limitation, any pertaining to environmental and employee health and safety matters); (2) has made, filed, obtained and maintains in force and effect all Permits (including, without limitation, those pertaining to environmental and employee health and safety matters) which such party is required to make, file, obtain and/or maintain under applicable Laws in connection with the ownership of its assets and properties or the operation of its business (including, without limitation, the Disposal Services and the Recycling Services); (3) is in compliance with all of, and not in breach or violation of or default under any of, the terms of such Permits; and (4) is not subject to any pending or, to the Stericycle Officers' knowledge (after due inquiry with respect to Stericycle and without independent inquiry with respect to Stericycle's Subcontractors), threatened, action or proceeding to revoke any such Permit or declare any such Permit invalid, except to the extent that any failure to comply with Laws or to make, file, obtain or maintain any Permit or comply with the terms thereof, or the revocation or invalidation of any Permit could not reasonably be expected to have a material adverse effect upon Stericycle's abilities to perform its obligations under this Agreement or any adverse effect upon Baxter's rights and liabilities under this Agreement.

(i) None of the facilities that Stericycle currently owns or operates, or any of the facilities that Stericycle owned or operated in the past, is listed or proposed for listing on the

National Priorities List or on the Comprehensive Environmental Response Compensation Liability Information System List or any similar state list of sites that may require remedial action.

(j) Stericycle has not received any notice or claim to the effect that it is or may be liable as a result of the release or threat of release of any Contaminant into the indoor or outdoor environment.

(k) Except as set forth in SCHEDULE 10.1(k) hereto, Stericycle owns or has an unrestricted and royalty-free right to use, improve, update, modify, enhance, license, transfer and produce products using all of the intellectual property and intellectual property rights (including, without limitation, all technology, patents, patent rights, copyrights, processes, trade secrets, formulae, formulations, inventions, know-how and computer hardware and software (other than off-the-shelf, shrink-wrapped, commercially available software)) which are currently used by Stericycle or in which Stericycle currently claims any rights and which are or could reasonably be expected to be used or useful in connection with the development of, or as the basis, platform or foundation of or for, the Alliance Technology (including, without limitation, the intellectual property and intellectual property rights associated with Stericycle's processes for recycling polypropylene) (the "Intellectual Property"). Except as set forth in SCHEDULE 10.1(k) hereto, none of the Intellectual Property is subject to any Encumbrances. There are no legal proceedings pending against, or, to the Stericycle Officers' knowledge (after due inquiry), asserted or threatened against or affecting, Stericycle challenging any right or interest of Stericycle in, or the validity, enforceability or ownership of, or in any way affecting, any Intellectual Property. Stericycle has not infringed, and is not now infringing, any patents, trade secrets, trademarks, service marks, trade names, copyrights or any other intellectual property rights of others; and, to the Stericycle Officers' knowledge (without independent inquiry), no person has infringed or is infringing any of the Intellectual Property. Except as set forth in SCHEDULE 10.1(k) hereto, no person, other than Stericycle, owns or controls, has an interest in, or has a claim of ownership or, to the Stericycle Officers' knowledge (without independent inquiry), any other claim, with respect to any Intellectual Property. Stericycle has not engaged, and is not now engaging, in any conduct, acts or omissions that reasonably could be expected to render any rights in any Intellectual Property unenforceable under the equitable doctrine of "misuse" and has never been accused of any such conduct, acts or omissions by any person. Without limitation of the foregoing, neither SAGE nor ABV has, or pursuant to any existing agreement will have, any right or claim with respect to the Alliance Technology and SAGE does not have any right to restrict the use of any of the Stericycle Technology which is or could reasonably be expected to be used or useful in connection with the development of, or as the basis, platform or foundation of or for, the Alliance Technology.

10.2. BAXTER'S REPRESENTATIONS. Baxter hereby represents and warrants to Stericycle as follows:

(a) Baxter is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) Baxter has all necessary corporate power and authority to own and operate all of its properties, assets and rights and conduct and carry on its businesses as currently conducted and to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

(c) The execution, delivery and performance by Baxter of this Agreement and the consummation by Baxter of the transactions contemplated hereby have been duly and validly authorized and approved by all necessary corporate action on the part of Baxter.

(d) This Agreement has been duly and validly executed and delivered by Baxter and is a valid and legally binding obligation of Baxter which is enforceable against Baxter in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or other laws relating to creditors rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(e) The execution, delivery and performance of this Agreement by Baxter and the consummation by Baxter of the transactions contemplated hereby will not: (1) result in the violation of any provision of the Certificate of Incorporation or By-laws or other organizational or governance document of Baxter; (2) result in the violation by Baxter of any Law applicable to Baxter; or (3) conflict with, or result in the breach, violation or modification of, any term or provision of, or, with or without the passage of time or the giving of notice, or both, constitute a default under, or permit the acceleration of maturity under or the modification of, any loan agreement, note, debenture, indenture, mortgage, deed of trust, lease, or any other agreement, commitment, document or instrument, or any injunction, writ, order, arbitration award, judgement or decree, or any assignment or Permit to which Baxter is a party or by which Baxter or any of its assets or properties are bound, which conflicts, breaches, violations, modifications, defaults or accelerations could reasonably be expected to have a material adverse effect upon Baxter's ability to perform its obligations under this Agreement or any material adverse effect upon Stericycle's rights or liabilities under this Agreement.

(f) No consent or approval by, or filing with or notice to, any government authority or third party is required to be obtained, made or given by Baxter in connection with the execution,

delivery and performance by Baxter of this Agreement or the consummation by Baxter of the transactions contemplated hereby, except where the failure to obtain such consents and approvals, make any such filings or give such notices could not reasonably be expected to have a material adverse effect upon Baxter's ability to perform its obligations under this Agreement or any material adverse effect upon Stericycle's rights or liabilities under this Agreement.

(g) Baxter is in compliance with all, and not in breach or violation of or default under any, applicable Laws (including, without limitation, any pertaining to government contracts), except to the extent that any failure to comply with Laws could not reasonably be expected to have a material adverse effect upon Baxter's ability to perform its obligations under this Agreement or any material adverse effect upon Stericycle's rights or liabilities under this Agreement.

SECTION 11. MISCELLANEOUS.

11.1. ASSIGNMENT; THIRD PARTY BENEFICIARIES. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that no party hereto may assign this Agreement or its obligations or rights hereunder, in whole or in part, without the prior written consent of the other party. Nothing herein shall be deemed or construed to confer any rights or benefits upon any person or entity that is not a party to this Agreement.

11.2. ENTIRE AGREEMENT. This Agreement and the EXHIBITS and SCHEDULES hereto and the agreements and other documents referred to or provided for herein represent the entire contract between the parties with respect to the subject matter hereof and thereof superseding all prior agreements with respect thereto (including, without limitation, the letter dated August 3, 1993), and the same shall not be modified or affected by any offer, proposal, statement or representation, oral or written, made by or for any party in connection with the negotiation of the terms hereof.

11.3. AMENDMENT. This Agreement shall not be amended or modified except by an instrument in writing signed by each party to be bound thereby, and reciting that the parties thereby intend to so amend or modify this Agreement.

11.4. EQUITABLE REMEDIES. The parties agree that the breach of certain provisions of this Agreement would cause irreparable harm that could not be remedied by money damages. In the event of a breach, or threatened breach, by either party of Section 4.2, 4.3, 4.6(a), 4.6(b), 4.6(d), 4.6(e), 5.2, 5.3(a), 6.2(a), 7.6(a), 7.6(b), 7.6(c), 7.7, 7.8, 9.1(b), 9.1(c), 9.1(e), 9.5, 9.7, 9.8, 9.10, 9.12, 11.1 or 11.13 of this Agreement, in addition to and without limitation of, any other rights or remedies existing, under

this Agreement, at law or in equity, or otherwise, the other party shall be entitled to obtain specific performance, injunctive relief or any other appropriate equitable relief for such breach or threatened breach and shall be entitled to recover all costs (including, without limitation, reasonable attorneys' and accountants' fees) incurred in obtaining such relief and/or enforcing this Agreement.

11.5. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which need not contain the signatures of more than one party, but such counterparts taken together will constitute one and the same agreement.

11.6. NOTICES. All notices required to be given under the terms of this Agreement or which any of the parties desires to give hereunder shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, return receipt requested, or sent by telegram, telex, telecopier or similar electronic media (and confirmed by registered or certified mail), each addressed as follows:

(a) As to Baxter:

Baxter Healthcare Corporation
Convertors/ Custom Sterile
Pharmaseal Surgical Division
1500 Waukegan Road, Building K
McGaw Park, Illinois 60085
Attn: President
Telecopy No.: (708) 473-3166

with copies to:

Baxter Healthcare Corporation
One Baxter Parkway
Deerfield, Illinois 60015-4633
Attn: J. Patrick Fitzsimmons, Esq.
Telecopy No.: (708) 948-3827

and

Keck, Mahin & Cate
77 West Wacker Drive
Suite 4900
Chicago, Illinois 60601-1693
Attn: Robert Z. Slaughter, Esq.
Telecopy No.: (312) 634-5000

(b) As to Stericycle:

Stericycle, Inc.
1419 Lake Cook Road
Suite 410
Deerfield, Illinois 60015
Attn: President
Telecopy No.: (708) 945-6583

with a copy to:

Kirkland & Ellis
200 East Randolph Drive
Chicago, Illinois 60601
Attn: Willard G. Fraumann, Esq.
Telecopy No.: (312) 861-2200

or to such other address or to the attention of such other person as the party to whom such notice is to be given may have theretofore designated in a notice to the other party hereto. Any notice given in accordance with the foregoing shall be deemed to have been given when delivered in person or received by telegram, telex, telecopier or similar electronic media or, if mailed, on the second business day next following the date on which it shall have been deposited in the mails.

11.7. SEVERABILITY. Each section, paragraph, clause, subclause and provision of this Agreement shall be severable from each other and, if for any reason any section, paragraph, clause, subclause or provision is invalid or unenforceable, such invalidity or unenforceability shall not prejudice or in any way affect the validity or enforceability of any other section, paragraph, clause, subclause or provision of this Agreement. It is intended that any section, paragraph, clause, subclause or provision which is invalid or unenforceable as written be valid and enforceable to the fullest extent possible.

11.8. GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. Baxter and Stericycle each hereby consent to the exclusive jurisdiction of, and venue in, any state or federal court within Cook or Lake County, Illinois for all purposes in connection with any action or proceeding relating to this Agreement.

11.9. CAPTIONS. The captions in this Agreement are for convenience only and shall not affect the construction or interpretation of any term or provision hereof.

11.10. WAIVERS AND CONSENTS. Any party to this Agreement may consent to or waive any other party's compliance with the provisions hereof in a writing signed by the party granting such consent or waiver. No party's failure, at any time or times hereafter, to require strict performance by any other party of any provision of this Agreement shall waive, effect or diminish any right of such party thereafter to demand strict compliance and performance therewith. Any waiver by any party, by consent or otherwise, of any undertakings, representations, warranties, conditions, covenants or agreements under this Agreement shall not suspend, waive or effect any other undertakings, representations, warranties, conditions, covenants or agreements under this Agreement, whether the same is prior or subsequent thereto and whether of the same or a different type.

11.11. REMEDIES CUMULATIVE. All rights of each party hereunder or otherwise available shall be cumulative and, to the extent permitted by law, the election of any right or remedy available to any party under this Agreement, at law or in equity, or otherwise shall not preclude the separate or concurrent election or exercise of any other right or remedy by such party.

11.12. FORCE MAJEURE. The obligations of either party to perform under this Agreement shall be excused during each period of delay caused by matters such as strikes, shortages of raw material, government orders or Acts of God, which are reasonably beyond the control of the party obligated to perform.

11.13. PUBLICITY. Except as otherwise permitted by Section 9.7 of this Agreement, as and to the extent required to carry-out the Alliance, and as required by law or government regulation, neither Baxter nor Stericycle shall make any public announcement or other disclosure of the execution of this Agreement, the commencement of the Alliance, the transactions contemplated hereby, or the terms of this Agreement or any other matter concerning the Alliance without the consent of the other party. Notwithstanding the foregoing, Stericycle without Baxter's consent, may disclose the existence of this Agreement and the terms hereof to any of its lenders and investors (other than Baxter Competitors) to the extent reasonably necessary for such lender or investor to make its investment decision concerning Stericycle and provided that such lender or investor first agrees in writing for the benefit of Stericycle and Baxter to treat all information concerning this Agreement and the Alliance as strictly confidential, not disclose it to any party, and not use it for any purpose other than making such lender's or investor's investment decision concerning Stericycle. In no event shall Stericycle directly or indirectly represent to any party that Baxter endorses Stericycle or any of its products or services.

11.14. EXPENSES. Baxter shall pay all fees, costs and expenses of Baxter's legal counsel, auditors, accountants, advisors and consultants and all other costs and expenses incurred by Baxter in connection with the transactions contemplated hereby. Stericycle shall pay all fees, costs and expenses of Stericycle's legal counsel, auditors, accountants, advisors and consultants and all other costs and expenses incurred by Stericycle in connection

[SIGNATURE PAGE FOLLOWS]

with the transactions contemplated hereby to the effect that none of such fees shall be paid from the Alliance Research and Development Fund.

IN WITNESS WHEREOF, the parties have duly executed this Alliance Agreement as of the day and year first above written.

BAXTER HEALTHCARE CORPORATION

STERICYCLE, INC.

By: /s/ Joseph L. Damico

By: /s/ Mark C. Miller

Its: Corporate Vice President

Its: President/CEO

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EXHIBIT A

DEFINITIONS

"ABV" shall have the meaning specified in Section 10.1(e) of this Agreement.

"ACQUIRE CONTROL" shall mean with respect to any party (a) the acquisition by any other party of (1) a majority of the beneficial ownership of the first party's outstanding capital stock, (2) the right to directly or indirectly vote a majority of the first party's outstanding capital stock, or (3) the right to elect a majority of the first party's Board of Directors, or (b) the acquisition by any other party of all or substantially all of the assets or, subject (to the extent applicable) to Section 4.6(e) of this Agreement, rights of the first party related to the Alliance.

"AFFILIATE" for the purposes of the definition of "Baxter Competitor" or "Stericycle Competitor" and not for any other purpose in this Agreement means with respect to a person or entity, (1) all persons and entities that control the first person or entity, (2) all persons and entities that are controlled by the first person or entity, and (3) all persons and entities that are under common control with the first person or entity. For purposes of this definition, "control" of a person or entity shall mean the possession, directly or indirectly, of the power to direct or cause the direction of such person's or entity's management or policies, whether through the ownership of voting securities, by contract or otherwise, provided however, that in the event any such person or entity has 200 or more stockholders or owners, "control" shall mean ownership, direct or indirect, of 25% or more of the outstanding voting securities of such person or entity.

"AGREEMENT" shall mean this Alliance Agreement, dated as of October 12, 1993, between Baxter and Stericycle.

"ALLIANCE" shall have the meaning specified in Section 2.1 of this Agreement.

"ALLIANCE RESEARCH AND DEVELOPMENT FUND" shall have the meaning specified in Section 4.4(b) of this Agreement.

"ALLIANCE RESEARCH AND DEVELOPMENT PROGRAM" shall have the meaning specified in Section 4.1 of this Agreement.

"ALLIANCE TECHNOLOGY" shall mean (a) the technology, patents, patent rights, copyrights, processes, trade secrets, formulae, formulations, inventions, know-how, computer hardware and software and all other intellectual property and intellectual property rights resulting from the Alliance Research and Development Program, (b) all updates, modifications, improvements and enhancements ("Improvements") thereto developed by either Baxter or Stericycle during the term of the Alliance and (1) if the Alliance is terminated or non-renewed (other than pursuant to

Section 7.3(a) (as a result of a willful breach or default by Baxter), 7.4(e) or 7.5(c) of this Agreement), all Improvements thereto developed by Stericycle during the 18 month period immediately following such termination (2) if the Alliance is terminated or non-renewed (other than pursuant to Section 7.3(a) (as a result of a willful breach or default by Stericycle) or 7.4(a) of this Agreement), all Improvements thereto developed by Baxter during the 18 month period immediately following such termination, and (c) the perpetual, royalty-free, non-exclusive, world-wide right and license to use, in connection with and to the extent necessary to permit the exploitation of Alliance Technology as defined in clause (a) and (b) above, all of the underlying Stericycle Technology related to recycling developed during the term of the Alliance and, if clause (b)(1) above is applicable, the 18 month period immediately following the termination of the Alliance.

"BANKRUPTCY" shall mean with respect to any party any assignment for the benefit of creditors by such party, the commencement by such party of any proceedings under any bankruptcy, reorganization, insolvency, arrangement, or any similar laws, the commencement of any such proceedings against such party or the appointment of a receiver or trustee with respect to any of such party's assets or properties (which proceeding or appointment shall remain unstayed or undismissed for a period of 30 days) or the insolvency or business failure of such party.

"BAXTER" shall have the meaning specified in the introduction of this Agreement.

"BAXTER COMPETITIVE EVENT" shall mean (a) a Baxter Competitor Acquiring Control of Stericycle, (b) Stericycle entering into the business of selling or distributing hospital or medical products or services (other than handling, management, collection, transportation, treatment and disposal services with respect to Infectious Medical Waste and any administrative services ancillary thereto) as part of a PBDS-Like Product, or (c) Stericycle entering into any agreement with any party (other than Baxter) to provide handling, management, collection, transportation, treatment and/or disposal services with respect to Infectious Medical Waste to such party's customers in connection with any PBDS-Like Product offered by such party.

"BAXTER COMPETITOR" shall mean (a) any party listed on SCHEDULE A-2 to this Agreement, (b) any entity with annual gross revenues in excess of \$10,000,000 in any of its three fiscal years immediately preceding the date of any Baxter Competitive Event and which derived at least 25% of its gross revenues during any such fiscal year from business activities represented by any combination of the Standard Industrial Classification Codes listed in SCHEDULE A-2 to this Agreement, and (c) any Affiliate of any of the foregoing.

"BAXTER INDEMNIFIED PARTY" shall have the meaning specified in Section 8.2(a) of this Agreement.

"BAXTER MATTER" shall have the meaning specified in Section 8.2(a) of this Agreement.

"BAXTER PRODUCTS" shall mean products or services manufactured, produced, sold, provided, licensed to others or distributed by Baxter or any of its affiliates.

"BC" shall have the meaning specified in Section 6.3(a) of this Agreement.

"BUDGET" shall have the meaning specified in Section 4.4(c) of this Agreement.

"CALL RIGHTS" shall have the meaning specified in Section 7.6(b) of this Agreement.

"CLAIM" shall have the meaning specified in Section 8.3 of this Agreement.

"COMMITTEE" shall have the meaning specified in Section 3.1 of this Agreement.

"CONFIDENTIAL MATERIAL" shall have the meaning specified in Section 9.7(a) of this Agreement.

"CONTAMINANT" shall mean any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste, any radioactive material, including, but not limited to, any source, special nuclear or by-product material as defined at 42 U.S.C. Section 2011 ET SEQ., as amended or hereafter amended, asbestos in any form or condition, polychlorinated biphenyls ("PCBs"), or any constituent of any such substance or waste, with respect to which liability or standards of conduct are imposed pursuant to any Law.

"DAMAGES" shall mean any liability, loss, cost, expense, interest, penalty, fine, amount paid in settlement, judgment or damage (including, without limitation, reasonable attorneys' and accountants' fees), or any suit, claim, allegation or demand of any third party (regardless of the merits thereof).

"DISPOSAL INDEMNIFIED PARTY" shall have the meaning specified in Section 8.1 of this Agreement.

"DISPOSAL MATTER" shall have the meaning specified in Section 8.1 of this Agreement.

"DISPOSAL SERVICES" shall mean the provision by Stericycle (whether directly by Stericycle or by any of Stericycle's Subcontractors or by any other party hired or otherwise retained

to assist in the provision of services offered by Stericycle) to Baxter's customers of collection, transportation, treatment and disposal services with respect to, and consultation services concerning the management and handling of, Infectious Medical Waste.

"DISSOLUTION" shall mean with respect to any party the voluntary dissolution of such party under the laws of the State in which such party is incorporated or the failure of such party to be reinstated within 60 days after any involuntary dissolution of such party under such laws.

"DIVISION" shall have the meaning specified in the preamble of this Agreement.

"ENCUMBRANCES" shall mean liens, claims, encumbrances, charges, security interests, options or restrictions of any nature whatsoever.

"EXCLUSIVITY PERIOD" shall have the meaning specified in Section 4.6(a) of this Agreement.

"IMPROVEMENTS" shall have the meaning given to such term in the definition of Alliance Technology.

"INDEMNIFIED PARTY" shall mean a Baxter Indemnified Party, a Disposal Indemnified Party or a Stericycle Indemnified Party.

"INDEMNIFYING PARTY" shall have the meaning specified in Section 8.3 of this Agreement.

"INFECTIOUS MEDICAL WASTE" shall mean any waste which is capable of producing or transmitting an infectious disease and which is generated in the diagnosis, treatment, or immunization of human beings or animals, in research pertaining thereto, or in the production or testing of animals, excluding pathological, anatomical, chemotherapeutic or radioactive waste. Infectious Medical Waste is commonly known as "red bag waste."

"INTELLECTUAL PROPERTY" shall have the meaning specified in Section 10.1(k) of this Agreement.

"LAWS" shall have the meaning specified in Section 9.2 of this Agreement.

"LICENCE" shall mean a royalty-free, (subject to the forfeiture provisions of Section 7.7(a) of this Agreement) perpetual, world-wide right and license (a) to use the Alliance Technology for the sole purpose of producing recycled raw materials for use in Baxter Products, (b) to improve, update, modify and enhance the Alliance Technology solely for use in producing recycled raw materials for Baxter Products, (c) to manufacture or produce Baxter Products using the Alliance Technology and to sell

or distribute such products, and (d) to sublicense the Alliance Technology to Baxter's affiliates and suppliers to do all of the foregoing; subject only to Stericycle's right to use the Alliance Technology to the extent permitted by this Agreement and to rights to use the Alliance Technology granted to third parties by Stericycle in a manner consistent with, and not in violation of, any provision of this Agreement.

"LIQUIDATION VALUE" shall have the meaning specified in Stericycle's Charter.

"NON-TERMINATING PARTY" shall have the meaning specified in Section 7.3 of this Agreement.

"NON-U.S. AREA" shall have the meaning specified in Section 9.1 of this Agreement.

"PBDS" shall mean Baxter's Procedure Based Delivery System under which Baxter will sell and deliver on a "just-in-time" basis to its customers, as a single product system certain of the supplies and services (as selected by the customer) used in a given surgical procedure for a single price on a single invoice, including, without limitation, custom sterile kits, custom nonsterile kits and issue unit of measure components.

"PBDS-LIKE PRODUCT" shall mean any product, service or system offered by any party (other than Baxter and its affiliates) under which such party sells and delivers to its customers as a single product, service or system certain of supplies and services used in a given surgical procedure (regardless of the setting in which the procedure is performed) for a single price on a single invoice or any product, service or system that is otherwise similar to the PBDS as it is from time to time modified by Baxter.

"PERMITS" shall have the meaning specified in Section 9.2 of this Agreement.

"RECYCLING SERVICES" shall mean the processing by Stericycle of materials found in the Waste Stream into recycled raw materials for use by Baxter or its affiliates or suppliers in Baxter Products.

"REJECTED CLAIM" shall have the meaning specified in Section 8.3 of this Agreement.

"SAGE" shall mean SAGE, Inc.

"SC" shall have the meaning specified in Section 6.3(a) of this Agreement.

"SPECIAL REDEMPTION RIGHTS" shall have the meaning specified in Section 7.6(a) of this Agreement.

"STERICYCLE" shall have the meaning specified in the introduction of this Agreement.

"STERICYCLE'S CHARTER" shall mean Stericycle's Amended and Restated Certificate of Incorporation as in effect on the date of this Agreement.

"STERICYCLE COMPETITIVE EVENT" shall mean (a) a Stericycle Competitor Acquiring Control of Baxter, (b) Baxter entering into the business of providing collection, transportation, treatment, disposal and recycling services with respect to Infectious Medical Waste generated by surgical procedures (regardless of the setting in which such procedures are performed), or (c) Baxter entering into any arrangement with any party (other than Stericycle) to allow such party to offer or provide collection, transportation, treatment and disposal services with respect to Infectious Medical Waste to Baxter's customers in connection with or as a part of the PBDS; provided, however, that a Stericycle Competitive Event shall not be deemed to have occurred for purposes of clause (b) above upon the acquisition by Baxter of any entity which as a part of its business is involved in the provision of collection, transportation, treatment and disposal services with respect to Infectious Medical Waste so long as following any such acquisition (A) Baxter uses its reasonable efforts to divest the portion of such business involved in the provision of collection, transportation, treatment and disposal services with respect to Infectious Medical Waste on reasonable terms and at a reasonable price as soon as practicable (but in no event later than 540 days after such acquisition) and (B) Baxter does not disclose or make any of the Alliance Technology available to the portion of such business involved in the provision of such collection, transportation, treatment and disposal services.

"STERICYCLE COMPETITOR" shall mean (a) any party listed on SCHEDULE A-5 to this Agreement, (b) any entity with annual gross revenues in excess of \$10,000,000 in any of its three fiscal years immediately preceding the date of any Stericycle Competitive Event and which derived at least 25% of its gross revenues during any such fiscal year from business activities represented by any combination of the Standard Industrial Classification Codes listed in SCHEDULE A-5 to this Agreement, and (c) any Affiliate of any of the foregoing.

"STERICYCLE INDEMNIFIED PARTY" shall have the meaning specified in Section 8.2(b) of this Agreement.

"STERICYCLE MATTER" shall have the meaning specified in Section 8.2(b) of this Agreement.

"STERICYCLE OFFICERS" shall mean Stericycle's Chairman, President and Chief Executive Officer, and Vice President - Finance and Chief Financial Officer and, with respect to environmental and employee health and safety matters, Stericycle's Vice President -

Regulatory Affairs, Vice President - Operations and Plant General Managers, or, if Stericycle modifies its organizational structure, the persons holding comparable positions in the modified organizational structure.

"STERICYCLE SHARES" shall have the meaning specified in the preamble of this Agreement.

"STERICYCLE TECHNOLOGY" shall mean all of Stericycle's technology, patents, patent rights, copyrights, processes, trade secrets, formulae, formulations, inventions, know-how, computer hardware and software and other intellectual property and intellectual property rights (other than the Alliance Technology) and all Improvements thereto.

"SUBCONTRACTOR" shall mean any party Stericycle contracts with or hires to treat or transport Infectious Medical Waste or any materials (other than recycled materials sold by Stericycle for use in products) resulting from Stericycle's treatment of Infectious Medical Waste (the "Resultant Materials"), or to dispose of any Infectious Medical Waste or any Resultant Materials either in a landfill, by incineration (including any Sterifuel "customers"), or otherwise.

"TERMINATING PARTY" shall have the meaning specified in Section 7.3 of this Agreement.

"WASTE STREAM" shall mean all Infectious Medical Waste processed by Stericycle from all sources (including, without limitation, Infectious Medical Waste from PBDS customers).

EXHIBIT B-RECYCLED MATERIALS PRICING EXAMPLE

COST BASED FORMULA FOR RECYCLED MATERIALS

BAXTER STANDARD COST (BC)				ACTUAL COST TO BAXTER
-----	[*]		[*]	-----
[*]	[*]		[*]	[*]
[*]	[*]		[*]	[*]
[*]	[*]		[*]	[*]
[*]	[*]		[*]	[*]
[*]	[*]		[*]	[*]
		*		
[]

* Omitted; filed separately with the Commission

LICENSE AGREEMENT

THIS AGREEMENT made as of October __, 1993, between Stericycle, Inc., a Delaware corporation ("Stericycle"), and Baxter Healthcare Corporation, a Delaware corporation ("Baxter").

R E C I T A L:

WHEREAS, Stericycle and Baxter are parties to a certain Alliance Agreement (the "Alliance Agreement") dated as of October __, 1993;

WHEREAS, Baxter sells and distributes certain disposable medical and surgical products;

WHEREAS, Stericycle is engaged in the business of collecting, treating, disposing of and recycling Infectious Medical Waste (as hereinafter defined);

WHEREAS, pursuant to the Alliance Agreement Stericycle, among other things, agreed to undertake the Alliance Research and Development Program (as defined in the Alliance Agreement) which will be devoted specifically to modifying Stericycle's existing recycling technology to increase the amount of the Baxter Products in the Waste Stream (as hereinafter defined) that can be recycled into materials used in other Baxter Products (as hereinafter defined); and

WHEREAS, the Alliance Agreement contemplates that, upon the termination of the strategic alliance contemplated thereby (the "Alliance") under certain circumstances or the non-renewal of the Alliance, Baxter will receive a license to use the Alliance Technology (as hereinafter defined) in connection with Baxter Products upon the terms set forth herein;

NOW THEREFORE, in consideration of the foregoing and of the promises contained in this Agreement, Stericycle and Baxter hereby agree as follows:

1. DEFINITIONS. For purposes of this Agreement, each of the terms set forth below shall have the meaning specified below:

"ALLIANCE TECHNOLOGY" shall mean (a) the technology, patents, patent rights, copyrights, processes, trade secrets, formulae, formulations, inventions, know-how, computer hardware and software and all other intellectual property and intellectual property rights resulting from the Alliance Research and Development Program, (b) all updates, modifications, improvements and enhancements ("Improvements") thereto developed by either Baxter or Stericycle during the term of the Alliance and during the 18-month period immediately following the Effective Date (as

hereinafter defined) (except Improvements developed by Stericycle following a termination of the Alliance pursuant to Section 7.4(e) of the Alliance Agreement), and (c) the perpetual, royalty-free, non-exclusive, world-wide right and license to use, in connection with and to the extent necessary to permit the exploitation of Alliance Technology as defined in clauses (a) and (b) above, all of the underlying Stericycle Technology (as hereinafter defined) related to recycling developed during the term of the Alliance and the 18-month period immediately following the Effective Date (except Stericycle Technology developed following a termination of the Alliance pursuant to Section 7.4(e) of the Alliance Agreement).

"BAXTER PRODUCTS" shall mean products or services manufactured, produced, sold, provided, licensed to others or distributed by Baxter or any of its affiliates.

"DAMAGES" shall mean any liability, loss, cost, expense, interest, penalty, fine, amount paid in settlement, judgment or damage (including, without limitation, reasonable attorneys' and accountants' fees) or any suit, claim, allegation or demand of any third party (regardless of the merits thereof).

"ENCUMBRANCES" shall mean liens, claims, encumbrances, charges, security interests, options or restrictions of any nature whatsoever.

"INFECTIOUS MEDICAL WASTE" shall mean any waste which is capable of producing or transmitting an infectious disease and which is generated in the diagnosis, treatment, or immunization of human beings or animals, in research pertaining thereto, or in the production or testing of animals, excluding pathological, anatomical, chemotherapeutic or radioactive waste. Infectious Medical Waste is commonly known as "red bag waste."

"LAWS" means all applicable domestic and foreign, federal, state and local laws, ordinances, rules, regulations, orders and requirements as may be in effect from time to time.

"STERICYCLE TECHNOLOGY" shall mean all of Stericycle's technology, patents, patent rights, copyrights, processes, trade secrets, formulae, formulations, inventions, know-how, computer hardware and software and other intellectual property and intellectual property rights (other than the Alliance Technology) and all Improvements thereto.

"WASTE STREAM" shall mean all Infectious Medical Waste processed by Stericycle from all sources (including, without limitation, Infectious Medical Waste from Baxter customers).

2. LICENSE. As of the Effective Date, Stericycle hereby grants to Baxter the world-wide right and license (a) to use the Alliance Technology for the sole purpose of producing recycled raw

materials for use in Baxter Products, (b) to improve, update, modify and enhance the Alliance Technology solely for use in producing recycled raw materials for use in Baxter Products, (c) to manufacture or produce Baxter Products using the Alliance Technology and to sell or distribute such products, and (d) to sublicense the Alliance Technology to Baxter's affiliates and suppliers ("Sublicensees") to do all of the foregoing; subject only to Stericycle's right to use the Alliance Technology to the extent permitted by the Alliance Agreement and to rights to use the Alliance Technology granted to third parties by Stericycle in a manner consistent with, and not in violation of, any provision of the Alliance Agreement.

3. ROYALTY. The right and license granted under this Agreement shall be fully paid up and free of all royalties and other charges.

4. EFFECTIVENESS; TERM. The right and license granted by this Agreement shall automatically (without any further action on the part of any party) become effective (the "Effective Date") as of the date of the expiration of the Alliance as a result of the non-renewal thereof or the date of the termination of the Alliance (other than pursuant to Sections 7.2, 7.3(a) (as a result of any willful breach or default thereof by Baxter or Stericycle), 7.4(a), 7.4(e) or 7.5(c) of the Alliance Agreement, as appropriate, in which case, this Agreement shall not become effective). Subject to the forfeiture provisions of Section 7.7(a) of the Alliance Agreement, the term of this Agreement shall be perpetual and irrevocable.

5. IMPROVEMENTS. Unless the Alliance is terminated pursuant to Section 7.4(e) of the Alliance Agreement, Stericycle, promptly upon development thereof, shall notify Baxter of all Improvements to the Alliance Technology and, to the extent necessary to exploit the Alliance Technology, to the Stericycle Technology, in either case, developed by Stericycle during the 18-month period immediately following the Effective Date. Baxter, promptly upon development thereof, shall notify Stericycle of all Improvements to the Alliance Technology developed by Baxter during the 18-month period immediately following the Effective Date.

6. COOPERATION. Without payment of any additional consideration therefor by Baxter, Stericycle in good faith shall cooperate with Baxter in connection with Baxter's practice, application and use of the Alliance Technology and to enable Baxter to exploit the Alliance Technology (including all Improvements that are developed by Stericycle and are part of the Alliance Technology) as, in the manner and to the extent practiced, applied and used by Stericycle at any time during the 18-month period immediately following the Effective Date. Such cooperation shall be limited to: (a) disclosing to Baxter all proprietary information, technical information, specifications, trade secrets,

formulae, processes, formulations, inventions, know-how, computer hardware and software, production methods and other information and materials that are required or reasonably desirable to enable Baxter to practice, apply and use the Alliance Technology (including all Improvements that are developed by Stericycle and are part of the Alliance Technology) as, in the manner and to the extent practiced, applied and used by Stericycle at any time during the 18-month period immediately following the Effective Date in connection with the production of recycled raw materials ("Confidential Material"); (b) making such Stericycle personnel as Baxter may reasonably request reasonably available to Baxter for consultation concerning the practice, application and use of the Alliance Technology (including all Improvements that are developed by Stericycle and are part of the Alliance Technology) as, in the manner and to the extent practiced, applied and used by Stericycle at any time during the 18-month period immediately following the Effective Date; and (c) demonstrating the practice, application or use of the Alliance Technology; provided that none of the foregoing shall interfere in any material respect with Stericycle's conduct of its business or the ability of any of Stericycle's employees to perform his or her duties to Stericycle.

7. CONFIDENTIALITY. (a) Baxter, on one hand, and Stericycle, on the other hand, shall not, and shall use their respective reasonable efforts to cause their respective directors, officers, employees, representatives and (in the case of Baxter) Sublicensees to not: (1) use any Confidential Material for any purpose other than exploiting the Alliance Technology as permitted or contemplated by this Agreement or the Alliance Agreement; (2) disclose any portion of the Confidential Material to any person (other than Sublicensees and parties to which Stericycle is permitted to license or transfer the Alliance Technology under the Alliance Agreement), except as reasonably necessary to exploit the Alliance Technology as permitted or contemplated by this Agreement or the Alliance Agreement or to protect such party's rights under this Agreement; or (3) make copies of the Confidential Material, except as reasonably necessary to exploit the Alliance Technology as permitted or contemplated by this Agreement or the Alliance Agreement or to protect such party's rights under this Agreement.

(b) Notwithstanding the foregoing, Confidential Material shall not include information that: (1) prior to disclosure by the other party was publicly available without restriction on use, disclosure or copying; (2) is or hereafter becomes part of the public domain through no act or failure to act on the part of the disclosing party; (3) heretofore has been or hereafter is made available by the other party to third parties without restriction on use, disclosure or copying; (4) the disclosure of which is consented to in writing by the other party; or (5) the disclosing party reasonably believes it is required by applicable Laws to disclose (but only to the extent of such required disclosure and

only to the extent disclosed to the parties to which such disclosure is required to be made).

8. PROTECTION OF ALLIANCE TECHNOLOGY. The decision of whether or not to apply for or seek any patent (or other appropriate) protection with respect to any Improvement to the Alliance Technology developed during the 18-month period immediately following the Effective Date shall rest with Stericycle. If Stericycle elects to apply for or seek such patent (or other appropriate) protection, the cost of preparing, filing and prosecuting the application, registration or filing with respect thereto shall be paid by Stericycle. If Stericycle elects not to apply for or seek, or does not diligently prosecute, such patent (or other appropriate) protection with respect to such Improvement, Baxter shall have the right to do so jointly in Baxter's and Stericycle's name. If Baxter elects to apply for or seek such patent (or other appropriate) protection, the cost of preparing, filing and prosecuting the application, registration or filing with respect thereto shall be paid by Baxter and, if Baxter in good faith diligently prosecutes the application, registration or filing with respect thereto, Stericycle shall cooperate in all reasonable respects with such prosecution and assign a 50% undivided interest in Stericycle's rights in such Improvement to the Baxter.

9. NO INFRINGEMENT; INDEMNITY. Stericycle shall not knowingly permit the Alliance Technology to infringe any patents, trademarks, service marks, trade names or copyrights of others. Baxter and Stericycle shall each give the other party prompt written notice upon the receipt of any notice of, or after otherwise becoming aware of, any infringement or alleged infringement by the Alliance Technology upon the rights of any third party or any infringement by any third party of any of the Alliance Technology. Without limitation of any other provision of this Agreement, from and after the Effective Date: (a) Stericycle promptly shall indemnify, defend and hold harmless Baxter and each of its directors, officers, employees, representatives and Sublicensees from and against any and all Damages resulting from, arising out of, in connection with or relating to any infringement or alleged infringement by the Alliance Technology upon the rights of any third party (other than any infringement or alleged infringement arising out of (i) Baxter's use of the Alliance Technology in any jurisdiction of which Stericycle has given Baxter written notice that Stericycle in good faith reasonably believes the use of the Alliance Technology or the production or sale of products using the Alliance Technology would infringe upon the intellectual property rights of a specified third party or (ii) Improvements (but only to the extent of such Improvements) developed by Baxter; and (b) Baxter promptly shall indemnify, defend and hold harmless Stericycle and each of its directors, officers, employees and representatives from and against any infringement or alleged infringement by the Alliance Technology

upon the intellectual property rights of any third party arising out of Baxter's use of the Alliance Technology or production or sale of Baxter Products using the Alliance Technology in any jurisdiction of which Stericycle has given Baxter written notice that Stericycle in good faith reasonably believes the use of the Alliance Technology or the production or sale of products using the Alliance Technology would infringe upon the intellectual property rights of a specified third party.

10. NO ENCUMBRANCES. During the 18-month period immediately following the Effective Date, Stericycle shall not grant any Encumbrances with respect to, or allow any Encumbrances to be placed upon, the Alliance Technology without Baxter's approval, except the permitted liens set forth in SCHEDULE 10 to this Agreement. Thereafter, Stericycle shall not grant any Encumbrances with respect to, or allow any Encumbrances to be placed upon, the Alliance Technology which could adversely affect Baxter's rights under this Agreement.

11. SEVERABILITY. Each section, paragraph, clause, subclause and provision of this Agreement shall be severable from each other and, if for any reason any section, paragraph, clause, subclause or provision is invalid or unenforceable, such invalidity or unenforceability shall not prejudice or in any way affect the validity or enforceability of any other section, paragraph, clause, subclause or provision of this Agreement. It is intended that any section, paragraph, clause, subclause or provision which is invalid or unenforceable as written be valid and enforceable to the fullest extent possible.

12. EQUITABLE REMEDIES. The parties agree that the breach of this Agreement would cause irreparable harm that could not be remedied by money damages. In the event of a breach, or threatened breach, by either party of any provision of this Agreement, in addition to and without limitation of, any other rights or remedies existing, under this Agreement, at law or in equity, or otherwise, the other party shall be entitled to obtain specific performance, injunctive relief or any other appropriate equitable relief for such breach or threatened breach and shall be entitled to recover all costs (including reasonable attorneys' fees and accountants' fees) incurred in obtaining such relief and/or enforcing this Agreement.

13. GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. Baxter and Stericycle each hereby consent to the exclusive jurisdiction of, and venue in, any state or federal court within Cook or Lake County, Illinois for all purposes in connection with any action or proceeding relating to this Agreement.

14. ASSIGNMENT; THIRD PARTY BENEFICIARIES. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the Sublicensees and their respective successors and assigns; provided, however, that, except in connection with the sublicense of Alliance Technology by Baxter to a Sublicensee, no party hereto may assign this Agreement or its obligations or rights hereunder, in whole or in part, without the prior written consent of the other party. Nothing herein shall be deemed or construed to confer any rights or benefits upon any person or entity (other than the Sublicensees) that is not a party to this Agreement.

15. ENTIRE AGREEMENT. This Agreement and, to the extent in effect, the Alliance Agreement constitute the entire contract between the parties with respect to the subject matter hereof and thereof superseding all prior agreements (other than, to the extent in effect, the Alliance Agreement) with respect thereto, and the same shall not be modified or affected by any offer, proposal, statement or representation, oral or written, made by or for any party in connection with the negotiation of the terms hereof.

16. AMENDMENT. This Agreement shall not be amended or modified except by an instrument in writing signed by each party to be bound thereby, and reciting that the parties thereby intend to so amend or modify this Agreement.

17. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which need not contain the signatures of more than one party, but such counterparts taken together will constitute one and the same agreement.

18. NOTICES. All notices required to be given under the terms of this Agreement or which any of the parties desires to give hereunder shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, return receipt requested, or sent by telegram, telex, telecopier or similar electronic media (and confirmed by registered or certified mail), each addressed as follows:

(a) As to Baxter: Baxter Healthcare Corporation
Convertors/ Custom Sterile Pharmaseal
Surgical Division
1500 Waukegan Road, Building K McGaw Park,
Illinois 60085
Attn: President
Telecopy No.: (708) 473-3166

with copies to: Baxter Healthcare Corporation
One Baxter Parkway
Deerfield, Illinois 60015-4633
Attn: J. Patrick Fitzsimmons, Esq.
Telecopy No.: (708) 948-3827

and

Keck, Mahin & Cate
77 West Wacker Drive
Suite 4900
Chicago, Illinois 60601-1693
Attn: Robert Z. Slaughter, Esq.
Telecopy No.: (312) 634-5000

(b) As to Stericycle: Stericycle, Inc.
1419 Lake Cook Road
Suite 410
Deerfield, Illinois 60015
Attn: President
Telecopy No.: (708) 945-6583

with a copy to: Kirkland & Ellis
200 East Randolph Drive
Chicago, Illinois 60601
Attn: Willard G. Fraumann, Esq.
Telecopy No.: (312) 861-2200

or to such other address or to the attention of such other person as the party to whom such notice is to be given may have theretofore designated in a notice to the other party hereto. Any notice given in accordance with the foregoing shall be deemed to have been given when delivered in person or received by telegram, telex, telecopier or similar electronic media or, if mailed, on the second business day next following the date on which it shall have been deposited in the mails.

19. CAPTIONS. The captions in this Agreement are for convenience only and shall not affect the construction or interpretation of any term or provision hereof.

IN WITNESS WHEREOF, the parties hereto have duly executed this License Agreement as of the day and year first above written.

STERICYCLE, INC.

By: _____
Title: _____

BAXTER HEALTHCARE CORPORATION

By: _____
Title: _____

EXHIBIT.C

SCHEDULE 4.7 - PERMITTED LIENS

1. Liens for taxes, assessments or other government charges or levies either not yet due and payable or being contested in good faith by the Company.
2. Liens imposed by law (including, without limitation, mechanic's, materialman's, landlord's, employee's, supplier's, warehouseman's and carrier's liens) and other like liens arising by mandatory provision of law securing obligations incurred in the ordinary course of business which either are not yet overdue or are being contested in good faith by the Company.
3. Liens arising by reason of any judgment, decree or order of any court, so long as such liens are adequately bonded, any legal proceedings that may have been initiated for the review of such judgment, decree or order have not been finally terminated or the period within which such proceedings may be initiated has not expired.

SCHEDULE 10.1(f) - CONSENTS AND APPROVALS

1. Certain consents from Stericycle's stockholders to Baxter's equity investment in the Company and the related amendment of Stericycle's certificate of incorporation are required to consummate Baxter's investment. See Exhibits C-1, C-2 and C-3 to the Class E Preferred Stock Purchase Agreement dated as of October 12, 1993 between Stericycle and Baxter.

SCHEDULE 10.1(g) - LITIGATION

1. Stericycle is party to a lawsuit styled STERICYCLE. INC. V. BROWNING-FERRIS INDUSTRIES, INC. -- CASE NO. CV 93-1900 DT (EX), which lawsuit is summarized on the attachment hereto.
2. Stericycle is currently trying to obtain authority from the Washington Utilities & Transportation Commission ("WUTC") for medical waste collection and transportation services in support of Stericycle's Morton, Washington medical waste treatment plant. On September 16, 1993 WUTC issued an order relating to Stericycle's application to the WUTC, which order, together with a summary thereof, is attached hereto.
3. Stericycle is party to a lawsuit styled WASHINGTON WASTE MANAGEMENT ASSOCIATION, ET AL V. WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, ET AL relating to the WUTC proceedings described in item 2 above. The status of such lawsuit as of August 10, 1993 is summarized in the letter of Garvey, Schubert & Barer attached hereto. See also the September 16, 1993 WUTC order attached hereto.
4. Stericycle of Arkansas, Inc. is subject to a Consent Administrative Order of the Arkansas Department of Pollution Control and Ecology dated May 22, 1992 regarding wastewater treatment.

[LETTERHEAD]

VIA FAX: 708-945-6583

PRIVILEGED AND CONFIDENTIAL

AUGUST 4, 1993

Ms. Mary Ann Boyle
Stericycle, Inc.
1419 Lake Cook Road, Suite 410
Deerfield, Illinois 60015

Re: STERICYCLE, INC. V. BROWNING-FERRIS INDUSTRIES, INC. -- CASE NO.
CV 93-1900 DT (EX)

Dear Ms. Boyle:

In accordance with your request, I will summarize herein the nature and status of the litigation now pending in the United States District Court in Los Angeles, California between plaintiff Stericycle, Inc. ("Stericycle") and defendant Browning-Ferris Industries, Inc. ("BFI").

Plaintiff Stericycle's Complaint, filed on April 1, 1993, alleges that defendant BFI has been engaged in an attempt to monopolize and has monopolized the infectious medical waste management industry in the United States, and certain geographic submarkets thereof, in violation of Section 2 of the Sherman Act (15 U.S.C. Section 2). Stericycle further alleges that BFI has engaged, INTER ALIA, in the following anticompetitive conduct: 1) BFI has interfered with, obstructed and opposed Stericycle's efforts to gain acceptance in the marketplace and its ability to obtain permits/licenses; 2) BFI has embarked on a "scare tactics" program consisting of a series of intentionally false and misleading statements and misrepresentations to the public and customers regarding Stericycle and its business operations; and 3) BFI has pursued a below-cost and discriminatory pricing program to eliminate Stericycle as a competitor.

Plaintiff Stericycle also alleges that defendant BFI's false, misleading and deceptive statements and practices

constitute violations Of Section 43(a) of the Federal Lanham Act (15 U.S.C. Section 1125(a)) and amount to trade libel. Finally, Stericycle alleges that BFI's predatory and anticompetitive practices establish claims for California state law unfair competition and tortious interference with contractual relations and prospective economic advantage.

Plaintiff Stericycle throughout the lawsuit seeks to recover treble its actual damages, punitive damages, costs of suit and attorneys' fees. Stericycle also seeks relief in the form of an injunction prohibiting BFI from continuing its anticompetitive practices.

On May 21, 1993, defendant BFI filed a "knee-jerk" retaliatory counterclaim against Stericycle consisting of two purported causes of action. In its first claim, BFI alleges that Stericycle has violated Section 43(a) of the Lanham Act (mimicking Stericycle's claim) by engaging in a false and misleading advertising and promotional campaign to portray itself as an environmentally sensitive medical waste recycler to the purported detriment of BFI. In its second claim, BFI alleges that Stericycle has engaged in unfair competition in violation of Section 17203 of the California Business and Professions Code.

On July 26, 1993, the Court held a Mandatory Status Conference. At that hearing the Court set a trial date for September 14, 1994, and ordered that all discovery be completed by June 3, 1994. The parties are currently in the process of exchanging documents and subpoenaing documents from third parties.

If you have any questions or need additional information concerning the litigation, please feel free to contact me.

Very truly yours,

/s/Donald R. Pepperman

DONALD R. PEPPERMAN

DRP/dc
cc: Mr. Jack Schuler

Office of
Boyd Hartman

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In re Application GA-75154 of)	ORDER M. V. G. NO. 1657
)	
RYDER DISTRIBUTION RESOURCES,)	HEARING NO. GA-75154
INC.)	
)	
for a Certification of Public)	ORDER ON RECONSIDERATION
Convenience and Necessity to)	ACCEPTING FILING ON
operate motor vehicles in)	REDOCKETING; EXTENDING
furnishing Solid Waste)	STAY
Collection Services)	
.)	

This is an application for authority to transport biohazardous wastes for collection or disposal in specified territory under contract with Stericycle, Inc. The Commission entered an order denying the application but staying its terms and giving the principals leave to modify their relationship and to redocket the application as one for common carriage. The principals made a filing within the allowed time that fell outside the terms of the order, and the Commission entered an order lifting the stay to allow review.

Now, on reconsideration, of the latter order, the applicant and the shipper ask the Commission to allow the rearrangement of relationships(1) and the redocketing(2) that the Commission previously authorized. Commission Staff opposes the petition.(3)

- - - - -
(1)The applicant, now known as Ryder Dedicated Resources, Inc., (Ryder) asks leave to withdraw. The supporting contract shipper, now known as Stericycle, Inc., (Stericycle) asks leave for substitution as successor, and addresses the issues on reconsideration. Substitution should be allowed.

(2)An amended application is submitted for contract carrier authority.

(3)BFI, another carrier of biohazardous wastes within the state, admits that it is not a party but nonetheless submits an answer. The Commission does not consider that document; BFI does not show that it or any predecessor in interest has party status. It claims an interest in the determination of whether the proposed application should be considered new or amended. Allowing amendment is within the context of this proceeding and a non-party may not participate. A potential party's participation in a new or redocketed application would begin only after the application is docketed and a protest is filed. Therefore, considering BFI's pleading would be improper.

Commission Staff's principal concern lies in the area of notice to affected carriers and allowing them the opportunity to participate. The Commission believes that its docketing procedures afford those protections irrespective of whether the application is deemed new or whether it is deemed amended. In either event, the amended application will be placed on the Commission's docket and published, so persons affected by the amendment will have the opportunity to protest the amended application and to participate in the hearing. Counsel fears that the result of the amendment might be the mere substitution of names on the application; that is not the case.

Neither succession nor redocketing is a new concept. A carrier's successor in interest, following a transfer proceeding, may succeed to its predecessor's interest in pending applications. The transfer proceeding affords potential protestants the same opportunity to explore fitness of the transferee that would be afforded in an amended and redocketed application.

The Commission has also authorized redocketing of contract carrier applications when it has appeared during the course of a proceeding that the applicant has not applied for authority that matches the nature of the service it wishes to perform.

This action is neither inconsistent with the goal of finality of proceedings nor a guarantee that authority will be granted. As to the former, the parties appear to agree that an application will be presented and litigated no matter what the form -- i.e., whether the application is redocketed or newly docketed. In the Commission's judgment, in this proceeding, it is preferable that the initial application be redocketed. Relevant factors include the principals' apparent good faith belief that Ryder's original applications for temporary and permanent authority were consistent with law, the findings of the initial and final orders regarding public support and need for the proposed service, Stericycle's decision to enter the market based on market conditions at a point in the past, and the principals' apparent good faith belief that their submission complied with the terms of the Commission's January order. The Commission will base its decision upon the entire record when remaining phases of the application process are concluded.

The Commission generally limits reconsideration to errors of law in an order or to matters of fact that are newly discovered that were not within the petitioner's responsibility to know at the time of the initial proceeding. Here, no party challenges reconsideration for the purposes sought. Now that an application is submitted that appears on its face to fall within

parameters contemplated in the Commission's January order, the Commission sees no overriding reason to reject it on procedural grounds. Instead, granting reconsideration and accepting the amended application have the potential to reduce the scope of litigation and to simplify the proceeding without abridging the parties' rights to explore and to challenge the amended application. Redocketing will also allow participation by parties who did not protest the initial application. The Commission's approach appears to be that which is most consistent with the public interest.

For the reasons stated in this Order, the Commission grants reconsideration and orders that the amended application, reflecting Stericycle's succession as applicant and the change from contract to common carriage, be redocketed forthwith to allow protests by persons who did not protest the initial application based on the identity of the applicant or the nature of the transportation. The stay of the January 25, 1993 Order should be extended to permit resolution of any issues relating to the amended application.

O R D E R

THE COMMISSION grants reconsideration of its Order of July 26, 1993, accepts the amended application in which Stericycle proposes to succeed to Ryder's interest in the application and to amend it to seek common carrier authority, and orders that the application be redocketed for protest and such further proceedings may be required.

IN SO DOING, The Commission extends the stay imposed in its January 25, 1993 Order, pending resolution of any issues relating to the amended application.

DATED at Olympia, Washington and effective this 15th day of September 1993.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

/s/Richard D. Casad
RICHARD D. CASAD, Commissioner

/s/Richard Hemstad
RICHARD HEMSTAD, Commissioner

EFFECT OF SEPTEMBER 16, 1993 WUTC ORDER
ON STERICYCLE/Ryder OPERATIONS

1. The new Order grants Stericycle of Washington's petition for reconsideration of the Commission's July 26 Order. The new Order:

(a) substitutes Stericycle for Ryder for purposes of further proceedings on the application for permanent authority originally initiated by Ryder;

(b) allows Stericycle to convert the application for permanent authority from an application for contract carrier authority to an application for common carrier authority;

(c) stays indefinitely the Commission's Order of January 25, 1993, denying Ryder's application for permanent authority; and

(d) permits Ryder to continue providing service to Stericycle, Inc. and its customers under the temporary authority granted to Ryder in late 1991 at the startup of Stericycle operations.

2. The new Order requires the original Ryder permanent application to be redocketed in Stericycle's name and as amended. A new notice must be given to interested parties and additional protests must be accepted based on this new notice. Further proceedings on the redocketed application will be required in many respects like those required for a new application. The extent of those proceedings and who may participate in them will be matters resolved in the first instance by the hearing officer to whom the redocketed case is assigned.

3. Stericycle of Washington will take over all regulated transportation functions now performed by Ryder when and if permanent common carrier authority is granted. In the interim, Ryder may continue to serve Stericycle, Inc. and Stericycle customers.

4. The continuing validity of the Ryder temporary authority is the subject of proceedings now pending in the Washington Court of Appeals. Oral argument should be scheduled in this case sometime between April 1 and September 30, 1994. A decision by the Court can be expected any time within a year after oral argument. We believe that it is probable that Stericycle will prevail before the Court of Appeals. However, it is possible that the Ryder TA could be invalidated by the Court of Appeals before the Commission has completed action on Stericycle's application for permanent authority. Other legal challenges to the Ryder TA are possible, based on recent actions by the Commission.

[LETTERHEAD]

AUGUST 10, 1993

Ms. Mary Ann Boyle
Corporate Accounting
Stericycle, Inc.
1419 Lake Cook Road
Deerfield, Illinois 20015

VIA FAX
(708) 945-6583

RE: LITIGATION PENDING IN WASHINGTON STATE

Dear Mary Ann:

Pursuant to your request, this letter will describe the litigation pending in Washington state to which Stericycle, Inc. is a party and for which our firm has been responsible.

The only such case is WASHINGTON WASTE MANAGEMENT ASSOCIATION, ET AL. V. WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, ET AL., Superior Court for the State of Washington/Thurston County, Cause No. 92-2-00300-4, involving the unique Washington legal and regulatory scheme governing the collection and transportation of solid waste, including medical waste. This case is an outgrowth of proceedings before the Washington Utilities and Transportation Commission (WUTC), which must grant operating authority to any company which wishes to engage in regulated solid waste collection and transportation in Washington. In proceedings before the WUTC, Ryder Distribution Resources sought temporary authority to operate as a contract carrier of medical waste under contract with Stericycle, Inc. The WUTC granted temporary operating authority to Ryder in December 1991 (reaffirmed in January 1992), pending action on Ryder's related application for permanent operating authority. Competitors of the Ryder/Stericycle sought judicial review of the WUTC's grant of temporary authority to Ryder by filing petitions for review with the Thurston County Superior Court, arguing (among other things) that Stericycle was acting as a common carrier and should be required to obtain common carrier operating authority and submit to regulation by the WUTC. Ryder immediately intervened in that action.

On October 29, 1992, the Superior Court issued a Letter Opinion holding that the WUTC's grant of temporary authority to Ryder was invalid. Shortly thereafter, Stericycle, Inc. filed motions to intervene, for stay and for reconsideration. On November 20, 1992, the Superior Court entered an order permitting Stericycle to intervene and a Final Order finalizing the decision announced in the Letter Opinion. The Court also entered an order staying its Final Order pending a hearing on motions for reconsideration filed by Stericycle and Ryder. On December 21, 1992, the Superior Court denied the motions for reconsideration but granted a further stay of its Final Order until February 1, 1993.

Ryder and Stericycle appealed the decision of the Superior Court to the Washington Court of Appeals, Division II, and immediately sought a stay of the Superior Court's decision from the Court of Appeals. By order dated January 29, 1993, the Court of Appeals granted a stay of the Superior Court's Final Order pending resolution of the appeal or a final decision of the WUTC on Ryder's application for permanent operating authority, whichever might first occur.

The appeal is still pending before the Court of Appeals.

On January 25, 1993, the WUTC issued a final decision (Order M.V.G. No. 1596) finding that there was a need for the Stericycle/Ryder service and that existing carriers did not provide equivalent service, but denying Ryder's application for permanent contract carrier authority. In its order, the Commission suggested that Stericycle and/or Ryder were operating as common carriers and should reformat their joint service as common carrier service. The Commission then stayed that action to permit reorganization of the Stericycle/Ryder service to meet the Commission's requirements. That stay continued in effect until July 26, 1993, when the WUTC served a subsequent order (Order M.V.G. No. 1646) rejecting a reorganized operating format proposed by Stericycle and Ryder and terminating the stay.

The Stericycle service continues under Ryder's temporary authority pending expiration of a 30-day "grace period" informally allowed by the WUTC prior to the enforcement of its orders. Stericycle and Ryder have filed petitions for reconsideration, asking that the Commission's stay of its January 25, 1993 order be reinstated pending further efforts by Stericycle to reorganize its business to meet the Commission's requirements. Those petitions are pending.

The status of the stay of the Superior Court's order granted by the Court of Appeals is unclear. To date, the parties have treated the Commission's stay of its January 25 order as continuing in effect for the 30-day "grace period" which began on or about July 26, 1993. It is possible that this "grace period" will be extended by the filing of the petitions for reconsideration.

On August 3, 1993, Stericycle of Washington, Inc., a wholly owned subsidiary of Stericycle, Inc., filed an application for permanent authority to operate as a common carrier of medical waste, serving the Stericycle medical waste treatment facility in Morton, Washington. Final Commission action on this application could take up to a year or more.

On August 10, 1993, Stericycle of Washington, Inc. filed an application for temporary common carrier authority pending final Commission action on its application for permanent authority. Final Commission action on Stericycle of Washington's application for temporary authority should be completed within 40 days. We believe that the common carrier operations proposed by Stericycle of Washington will probably satisfy the Commission's requirements.

If the WUTC grants reconsideration of its July 26, 1993 Order and reinstates the stay or seeks comments on these requests from interested parties, the status quo should continue at least pending final Commission action on Stericycle of Washington's application for temporary operating authority. If the Commission denies reconsideration, we will argue that there should be a new 30-day "grace period" from that date.

Nevertheless, a gap could arise between the termination of the "grace period" for the July 26 order and Commission action on Stericycle's application for temporary authority. In that event, Stericycle would have several options, including temporarily transporting its customers' waste to treatment facilities outside the state or attempting private carriage. However, we are optimistic that Stericycle of Washington's application for temporary common carrier authority will be granted before Ryder's existing temporary authority is finally invalidated, so that these options need not be tested.

Please let me know whether you need any additional information.

Ms. Mary Ann Boyle
August 10, 1993
Page 4

Very truly yours,

GARVEY, SCHUBERT & BARER

By /s/Stephen B. Johnson

Stephen B. Johnson

cc: Richard Shea

SCHEDULE 10.1(h) - COMPLIANCE WITH LAW; PERMITS

1. See Schedule 10.1(g), Item 2.

SCHEDULE 10.1(k) - INTELLECTUAL PROPERTY

1. Stericycle's use of the Intellectual Property is subject to restrictions under applicable laws (including common law) and regulations regarding patents, trademarks and other items of Intellectual Property.
2. SAGE, Inc. has joint ownership in certain Stericycle assets which have been or may be developed by Stericycle pursuant to Section 8 of that certain letter agreement dated November 11, 1992 between SAGE, Inc. and Stericycle.
3. The Illinois Institute of Technology Research Institute ("IITRI") has claimed, in letters to Stericycle, all rights to the radio frequency heat tunnel technology (the "RF Technology") formerly used by Stericycle in processing medical waste. On May 5, 1989, Stericycle signed a license and royalty agreement (the "Royalty Agreement") with IITRI granting Stericycle rights to commercially apply the RF Technology to the field of medical waste treatment. The Royalty Agreement may require IITRI and Stericycle to determine a royalty rate to be paid by Stericycle on each pound of medical waste processed by Stericycle using the RF Technology. The parties have not successfully negotiated such a rate and no negotiations have taken place for over a year. Stericycle believes it has made adequate reserves in its financial statements for any royalty that may be due IITRI. Stericycle no longer uses the RF Technology in its business.

SCHEDULE A-2

NAMED COMPETITORS

Abbott
AMSCO
Colonial Medical Supply
Custom Pack Manufacturers
DeRoyal Industries
Durr Fillauer
General Medical Supply
Johnson & Johnson
Kimberly Clark
Maxxim
Medline Industries
Owens & Minor
Professional Hospital Supply
Southwest Medical Packaging
Stuart
Steril Concepts
Steril Designs

STANDARD INDUSTRIAL CLASSIFICATION CODES (1987 Version)

Any of the following related to the sale of hospital or medical products or services to hospitals or clinics, including without limitation, physician offices, nursing homes, alternative care facilities, laboratories involved in the collection of blood or plasma, pathology laboratories and designated distributors of corporately-manufactured products:

2819	Industrial inorganic chemicals, not elsewhere classified
2833	Medicinal chemicals and botanical products
2834	Pharmaceutical preparations
2835	In vitro and in vivo diagnostic substances
2836	Biological products, excluding diagnostic
3069	Fabricated rubber products, not elsewhere classified
3081	Unsupported plastics film & sheet
3082	Unsupported plastics profile shapes
3083	Laminated plastics plate & sheet
3085	Plastics bottles

STANDARD INDUSTRIAL CLASSIFICATION CODES (continued)

3087	Custom compounded purchased resins
3089	Plastics products, not elsewhere classified
3231	Glass products, made of purchased glass
3821	Laboratory apparatus and furniture
3826	Analytical instruments
3829	Measuring and controlling devices, not elsewhere classified
3841	Surgical and medical instruments and apparatus
3842	Orthopedic, prosthetic, and surgical appliances and supplies
3844	X-ray apparatus and tubes and related irradiation apparatus
3845	Electromedical and electrotherapeutic apparatus
5047	Medical and hospital equipment
5048	Ophthalmic goods
5049	Professional equipment, not elsewhere classified
5122	Drugs, drug proprietaries, and druggists' sundries
5131	Piece goods, notions and other dry goods
5162	Plastics materials & basic shapes
5169	Chemicals & allied products, not elsewhere classified
8092	Kidney dialysis centers
8099	Health and allied services, not elsewhere classified

SCHEDULE A-5 - STERICYCLE COMPETITOR

1. NAMED COMPETITORS

[*]

2. SIC CODES

Any of the following related to the handling, management, collection, transportation, treatment or disposal of Infectious Medical Waste:

- 4212 - Local Trucking Without Storage
- 4213 - Trucking, Except Local
- 4953 - Refuse Systems

* Omitted; filed separately with the Commission

AGREEMENT

THIS AGREEMENT is made and entered into on this 6th day of May, 1994, by and between SAGE PRODUCTS, INC., an Illinois corporation ("Sage") and STERICYCLE, INC., an Illinois corporation ("Stericycle").

WITNESSETH:

WHEREAS, Sage and Stericycle desire to develop a process which will generate a constant source of polyolefin, a plastic product consisting substantially of polypropylene with traces of polyethylene and polystyrene and other olefins, from post consumer medical waste (the "Product") for use by Sage in the manufacture of its line of health care products;

WHEREAS, pursuant to the terms of that certain Letter Agreement dated November 11, 1992 (the "Letter Agreement"), Sage and Stericycle have previously agreed to jointly develop a process which will facilitate the reclamation of the Product from post consumer medical waste for use by Sage in the manufacture of its line of health care products (the "Process");

WHEREAS, Sage and Stericycle have previously expended monies pursuant to the development of the Process;

WHEREAS, Sage has agreed to make a payment of up to[*] to Stericycle, which payment will be applied towards [*] the

* Omitted; filed separately with the Commission

total installed cost of that certain equipment which is necessary for the further development of the Process, as that certain Equipment is described in Exhibit A (the "Equipment");

WHEREAS, from and after the time that development of the Process is complete, Sage has agreed to purchase from Stericycle, and Stericycle has agreed to sell to Sage, the Product that is reclaimed from post-consumer medical waste by application of the Process; and

WHEREAS, Sage and Stericycle have agreed that Sage's payment of additional monies to Stericycle for the development of the Process and the purchase and sale of the resulting product will best be effectuated pursuant to the terms and provisions set forth herein;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged, Sage and Stericycle agree as follows:

1. DEVELOPMENT PERIOD.

A. EQUIPMENT. As the Equipment is installed and invoiced, Sage agrees to make a payment of up to [*] (the "Cash Payment") to Stericycle. Stericycle agrees to apply the Cash Payment towards [*] the cost of purchasing the Equipment (the "Project Cost"). Stericycle further agrees that it will apply up to [*] of cash, or assets having a net book value equivalent to [*] toward the

* Omitted; filed separately with the Commission

Project Cost. The Equipment is described on Schedule "A" attached hereto, which schedule may be amended from time to time.

(1) TITLE TO THE EQUIPMENT. Stericycle shall retain title to the Equipment; provided, however, that if this Agreement is terminated for any reason, Stericycle agrees to pay Sage an amount equal to [*] the "fair market value" of the Equipment. For purposes of this Agreement, "fair market value" will be determined by an independent appraiser jointly selected by Sage and Stericycle. The appraiser shall take into consideration the value of the Equipment as operated "in place". In the event that Sage does not agree with the appraised value, Sage shall, within thirty (30) days of delivery of the appraisal, have the option to meet the appraisal price and purchase the Equipment (the "Option Period"). The ultimate purchaser of the Equipment shall make payment to the other party within fifteen (15) days after the expiration of the Option Period.

(2) RELATED COSTS. Stericycle shall pay all maintenance and insurance costs, and all taxes, that pertain to the Equipment. For purposes of paragraph 2.E.(1) of this Agreement, the maintenance and insurance costs and the taxes pertaining to the Equipment shall be included as part of the direct operating cost of producing the Product by application of the Process.

B. PROJECT MANAGEMENT. Stericycle shall be responsible for purchasing the Equipment. Stericycle shall also be responsible for managing and supervising the operations which are undertaken pursuant to completion of development of the Process.

* Omitted; filed separately with the Commission

(1) MANAGEMENT FEE. In consideration of its management and supervision of the operations which are necessary to completion of development of the Process, Sage agrees to pay Stericycle a fee of [*]

(2) ADDITIONAL COSTS. If Sage and Stericycle agree that additional developmental expenses are required with respect to the Process, they will share such expenses equally.

2. PURCHASE AND SALE. From and after the time that development of the Process is complete, Sage agrees to purchase from Stericycle the Product that is reclaimed by application of the Process, and Stericycle agrees to sell to Sage the Product that is reclaimed by application of the Process, upon the following terms and conditions.

A. DESCRIPTION OF GOODS. The Product is a plastic product consisting substantially of polypropylene with traces of polyethylene and polystyrene and other olefins. Stericycle expressly agrees and acknowledges that Sage may use and incorporate the Product into any of its products, unless Sage has agreed to the sale of Product pursuant to paragraph 2.C.(3) herein, and Stericycle has entered into an exclusive agreement with a purchaser for the sale of that Product.

B. EXCLUSIVE PURCHASER. Except as otherwise provided herein, Stericycle represents that it will not sell, give away, or deliver to any other person, firm or corporation any commercial amount of the Product reclaimed by it during the term of this Agreement pursuant to the application of the Process without Sage's prior written consent, which consent shall not unreasonably be withheld.

* Omitted; filed separately with the Commission

If at anytime after December 31, 1994, Sage's annual purchases fall below [*] per year, Sage agrees to change its rights to a non-exclusive basis.

C. INITIAL GUARANTEED PURCHASE. Stericycle shall sell and deliver to Sage, and Sage shall purchase and accept from Stericycle, a minimum of [*] of Product per month ("Minimum"), commencing [*], and for each month thereafter through [*].

(1) SUBSEQUENT PURCHASES. After [*], Sage shall update and amend, on a quarterly basis, its estimate of its requirements of the Product for the following twelve (12) month period. The amount required shall be based solely on Sage's determination of its needs. The actual quantity of Product purchased by Sage shall be reflected in a purchase order (the "Purchase Order") . A Purchase Order shall be placed on the first day of the month for delivery by the fifteenth (15th) day of the succeeding month.

(2) FAILURE TO MEET REQUIREMENTS. If, for any reason, Stericycle does not completely fill a Purchase Order, and if the Purchase order is for an amount of Product which is less than the maximum amount of Product which can be reclaimed by the Process [*], Stericycle shall have sixty (60) days within which to make up the amount by which the Purchase Order is deficient; provided, however, that if the amount of Product enumerated in a Purchase Order exceeds the amount of Product enumerated in the immediately preceding Purchase Order by fifty percent (50%) or more, Stericycle shall have one hundred twenty (120) days within which to

* Omitted; filed separately with the Commission

make up the amount by which the Purchase Order is deficient. If, within that sixty (60) day period or one hundred twenty (120) day period, as the case may be, Stericycle is unable to make up the amount of the deficiency, Sage shall have the right to develop a source of Product which is adequate to meet its requirements; in the alternative, Sage may purchase the Product, or such other product as it deems suitable, from a third party.

(3) SALES TO THIRD PARTIES. If the amount of Product reclaimed by Stericycle is in excess of the amount required by Sage, Stericycle shall have the right to sell the excess to a third party; provided, however, that (a) Stericycle shall not sell such excess to any other person, firm or corporation which makes products which are made by Sage and in which Sage incorporates the Product and (b) Stericycle shall not sell such excess to any other person, firm or corporation which is engaged, directly or indirectly, in the development, manufacture or marketing of products which compete with the products which are developed, manufactured and marketed by Sage without Sage's prior written consent, which consent shall not unreasonably be withheld; provided further, that no sales shall be made at a price less than Sage's total unit cost without Sage's prior approval, which approval shall not unreasonably be withheld.

D. QUALITY OF GOODS. The units of Product which are produced by Stericycle and which comprise a Purchase Order shall meet the quality standards which are specified in Exhibit "B" attached hereto and incorporated herein. Stericycle warrants that the Product will conform to the attached specifications and that it will convey

good title thereto. The Product shall not include (and Sage shall not accept) "Excluded Material" (a) anatomical waste; (b) hazardous waste or hazardous substances, as defined under the Resource Conservation and Recovery Act of 1976, the Comprehensive Environmental Response, Compensation and Liability Act of 1980; or (c) radioactive materials, as defined by the United States Nuclear Regulatory Commission. Sage will not accept Excluded Material, and if Stericycle delivers Excluded Material to Sage, Sage may reject such Excluded Material and any Product which contains such material. At Sage's option, it may forward such Excluded Material for disposal at Stericycle's sole risk and expense. In order that Stericycle may produce Product which satisfies Sage's quality assurance standards, Sage agrees to assist Stericycle in understanding and satisfying those quality assurance standards of Sage which may be unique to its needs. Any units of the Product which do not reasonably satisfy the foregoing quality assurance standards may be rejected by Sage pursuant to the terms of paragraph 4 below.

E. PURCHASE PRICE. The total purchase price for a Purchase Order shall be equal to [

*

], as those costs are hereinafter defined (the "Purchase Price").
The direct and incremental costs of the Product shall be determined as follows.

* Omitted; filed separately with the Commission

(1) DIRECT COSTS. For purposes of this Agreement, direct cost shall include direct production and transportation expenditures which are associated with the production and delivery of the Product to Sage.

(2) RELATED PARTY ALLOCATIONS. Additional charges will be allocated for facility usage and nonproduction equipment. All such allocations shall be agreed to by Sage prior to billing for such costs.

(3) INCREMENTAL COSTS. Sage and Stericycle agree that the incremental costs for reclaiming the polyolefin plastics shall be equal to [*]. The incremental costs associated with the Product include the cost of additional energy usage for processing, additional material handling requirements before and after treatment and adjustments to normal processing standards for sharps-only materials.

(4) QUARTERLY AND YEAR-END ADJUSTMENT. Monthly charges shall be computed on a pro forma cost-per-pound basis as agreed to by the parties. An accounting which reflects the cost set forth herein on a per pound basis shall be provided on a quarterly basis, and Sage shall pay or be credited with the difference between the per pound cost as determined by the accounting and the per pound cost as determined by the pro forma. At the end of each calendar year, a comprehensive accounting which reflects the annualized cost per pound for the entire year shall be provided, and Sage shall pay or be credited with the difference between the actual costs, as computed in accordance with the terms of this Agreement, for the

* Omitted; filed separately with the Commission

calendar year and the sum total of payments and credits for that year. Any disputes with respect to the accounting shall be resolved within ninety (90) days after the presentation of the accounting, and if the parties cannot resolve the dispute within that time period, they shall submit the matter to a certified public accounting firm which is acceptable to both of them. Within sixty (60) days thereafter, the accounting firm to which the matter is submitted shall render a decision, and the decision so rendered shall be binding upon the parties.

(5) PAYMENT OF PURCHASE PRICE. Sage shall pay the Purchase Price for each shipment of Product and adjustments within fifteen (15) business days after delivery.

3. DELIVERY OF GOODS.

A. PLACE FOR DELIVERY. Stericycle shall deliver all units of Product comprising a Purchase Order FOB at Sage's facility located in Crystal Lake, Illinois.

B. TIME FOR DELIVERY. Stericycle shall commence delivery by [*], and shall deliver all other Purchase Orders to Sage by the fifteenth (15th) day of each succeeding month (hereinafter referred to, singly, as the "Purchase Order Period" and, collectively, as the "Purchase Order Periods") until this Agreement terminates or is otherwise canceled.

* Omitted; filed separately with the Commission

4. RIGHT TO INSPECT GOODS. Before delivery of any shipment of Product is considered complete under this Agreement, Sage shall have the right to inspect the Product tendered for delivery. Such inspection shall take place at Sage's facility in Crystal Lake, Illinois. If any portion of a particular Purchase Order does not satisfy Buyer's quality assurance standards, Buyer may, within five (5) business days after taking delivery, reject that portion and immediately return it to Stericycle freight collect. Stericycle shall also pay the shipping costs associated with the furnishing of replacement goods. Sage shall not be charged for those portions which are properly rejected as being nonconforming. After five (5) business days from delivery of a shipment, all Product is deemed inspected and accepted by Sage.

5. ROYALTY. Sage shall pay a royalty to Stericycle based on Sage's "Net Sales" of those products which it has manufactured and which incorporate the Product. For purposes of this Agreement, "Net Sales" shall be defined as the total monthly invoice price of those products sold by Sage which incorporate the Product, less sales or excise taxes and shipping costs actually paid, directly or indirectly, by Sage, and less actual trade discounts, rebates and returns and allowances thereon. The amount of the royalty shall be equal to Sage's Net Sales of such products multiplied by a royalty percentage determined in accordance with the following schedule:

Monthly Net Sales			Royalty Percentage		
1.	[*	[*]
2.	[*	[*]
3.	[*	[*]
4.	[*	[*]

The royalty so computed shall be paid to Stericycle on a quarterly basis, within thirty (30) days after the end of the calendar quarter.

6. TERM. Subject to the terms of paragraph 7 herein, the term of this Agreement shall commence as of [*] and terminate on [*] (the "Initial Term"). Thereafter, this Agreement shall be automatically extended for successive one (1) year terms unless sooner terminated pursuant to the terms of paragraph 7 herein.

7. TERMINATION.

A. TERMINATION DURING THE INITIAL TERM. During the Initial Term, this Agreement may be terminated for any of the following reasons:

(1) At Sage's option, if Stericycle is unable to deliver the full amount of a Purchase Order to Sage within its attendant Purchase Order Period, and, within sixty (60) days after written notice, Stericycle fails to cure the amount of the deficiency;

* Omitted; filed separately with the Commission

(2) At Sage's option, if four (4) shipments of Product in a twelve (12) month period fail to satisfy Sage's quality assurance standards, as those standards are delineated on Exhibit "B" attached hereto and incorporated herein;

(3) At Stericycle's option, if Sage fails to pay the Purchase Price to Stericycle, provided that Stericycle has given written notice to Sage and Sage has failed to cure within sixty (60) days thereafter; and

(4) At Stericycle's option, if Sage fails to pay the royalty provided for in paragraph 5 herein to Stericycle, provided that Stericycle has given written notice to Sage and Sage has failed to cure within sixty (60) days thereafter.

(5) By either party, if the other party files a petition in bankruptcy, has a receiver appointed for it, becomes insolvent or is unable to meet its debts as they come due. In the event that Sage terminates this Agreement pursuant to the terms of this paragraph, it shall have an option to purchase the Equipment from Stericycle for its net book value at the time of termination pursuant to the terms set forth in paragraph 1.A.(1) of this Agreement.

(6) At Sage's option, if Sage demonstrates the commercial availability of product which is substantially similar to the Product and which has a price which is [*] than the average weighted cost of the Product for the prior six (6) months.

* Omitted; filed separately with the Commission

B. TERMINATION AFTER THE INITIAL TERM. After expiration of the Initial Term, this Agreement may be terminated for any of the following reasons:

(1) Sage or Stericycle may terminate this Agreement at the end of any given year upon not less than 365 days written notice delivered to the other party; and

(2) For any of the reasons enumerated in paragraphs 7.A.(1)-7.A.(6) of this Agreement.

8. AUDIT.

A. AUDIT BY STERICYCLE. Stericycle shall have the right, upon written request, to inspect Sage's books and records in order to verify Sage's accounting for the royalty which is payable pursuant to paragraph 5 herein; provided, however, that Stericycle shall conduct no more than two (2) such inspections in any twelve (12) month period. Any inspection shall take place during normal business hours, upon reasonable notice, at Sage's address set forth below.

B. AUDIT BY SAGE. Sage shall have the right, upon written request, to inspect Stericycle's books and records in order to verify Stericycle's accounting for the all costs of the Product, as those costs are described in paragraph 2.E herein; provided, however, that Sage shall conduct no more than two (2) such inspections in any twelve (12) month period. Any inspection shall take place during normal business hours, upon reasonable notice, at Stericycle's address set forth below.

C. Any disputes with respect to the accounting shall be resolved within ninety (90) days after the presentation of the accounting, and if the parties cannot resolve the dispute within that time period, they shall submit the matter to a certified public accounting firm which is acceptable to both of them. Within sixty (60) days thereafter, the accounting firm to which the matter is submitted shall render a decision, and the decision so rendered shall be binding upon the parties.

9. JOINT OWNERSHIP OF TECHNOLOGY.

A. JOINTLY DEVELOPED TECHNOLOGY. Any and all patents, processes, technologies, drawings, technical information and data, and other information and intangible property rights which are developed under and pursuant to the terms of this Agreement shall be the joint property of Sage and Stericycle (the "Technology"). The Technology shall be described on Schedule "C" attached hereto, which schedule may be amended from time to time. Both Sage and Stericycle agree that each party shall have the perpetual right to use the Technology directly or to sublicense the Technology; provided, however, that neither party shall have the right to use the Technology to create products which would compete with the products which have been created by the other party. Sage and Stericycle recognize that Baxter and Stericycle have entered into an agreement to explore development of separate Baxter-Stericycle Technology in which Sage will have no rights; provided, however, that the Baxter-Stericycle agreement shall not limit any rights that Sage has under this Agreement.

B. PRE-EXISTING TECHNOLOGY. Any pre-existing patents, processes, technologies, technical information and data, and any other information and intangible property rights, (collectively, the "Preexisting Technology") shall remain the exclusive property of Sage or Stericycle, as the case may be, and neither party shall have the right to restrict the other party's use of its Preexisting Technology.

10. NATURE OF RELATIONSHIP. While this Agreement contemplates that Sage and Stericycle will work together to pursue certain enumerated goals, Sage and Stericycle expressly agree that this Agreement shall not create a joint venture for tax purposes and that each party shall determine the tax consequences of its actions under and pursuant to the terms of this Agreement on an independent basis. Sage and Stericycle also expressly agree that nothing contained in this Agreement shall be construed to authorize either party to act as general agent for the other party or to obligate the other party to pay any liability or take any action other than those set forth herein or those expressly agreed to by the parties in the future.

11. INDEMNITY.

A. INDEMNITY BY STERICYCLE. Stericycle agrees to indemnify and hold Sage harmless from and against any and all liabilities, obligations, suits, actions, proceedings or claims asserted against Sage which arise out of or result from the negligent

acts or omissions of Stericycle with respect to the design or manufacture of the Product or the handling of the Product prior to its delivery to Sage.

B. INDEMNITY BY SAGE. Sage agrees to indemnify and hold Stericycle harmless from and against any and all liabilities, obligations, suits, actions, proceedings or claims asserted against Stericycle arising out of or resulting from the negligent acts or omissions of Sage with respect to the design or manufacture of any of its products which incorporate the Product, or the handling of the Product subsequent to its delivery to Sage.

12. CONFIDENTIALITY. Sage and Stericycle acknowledge and agree that, during the term of this Agreement, either of them may receive or otherwise acquire information which is confidential or proprietary in nature and which is the exclusive property of the other party. Accordingly, Sage and Stericycle agree that, during the term of this Agreement, and from and after the date of its termination, they will not disclose or use, directly or indirectly, any such confidential or proprietary information unless they receive written authorization from the other party. Such confidential or proprietary information shall include, but shall not be limited to technical and non-technical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings, plans, processes, financial data and lists of actual or potential customers or suppliers.

13. AUTHORITY. Sage and Stericycle each have full authority to enter into this Agreement. Neither Sage nor Stericycle has entered into nor will either of them enter into any agreement which would prohibit that party from meeting its full obligations under this Agreement.

14. GOVERNING LAW. This Agreement shall be subject to, and governed by, the laws of the State of Illinois, including the Illinois Trade Secrets Act, 765 ILCS 1065/5 ET. SEQ. (1992 State Bar Edition) .

15. ENTIRE AGREEMENT. This Agreement supersedes all previous agreements between Sage and Stericycle relating to the subject matter contained herein, including the Letter Agreement, and shall not be amended other than by the written agreement of Sage and Stericycle.

16. NOTICES. Any notice or other communication in this Agreement to be given by either party to the other must be in writing and may be given by any means which provides evidence of receipt, or by delivering the same in person. Notices may also be served by the use of a facsimile machine with proof of transmission and a copy of the notice, with proof of transmission being sent by regular mail on the date of transmission. Notice shall be deemed received upon making an in-person delivery or upon the date shown on a receipted delivery. For purposes of notice, the addresses of the parties shall be as follows:

Notices to Sage: Mr. Vincent W. Foglia
815 Tek Drive
Crystal Lake, Illinois 60014

Sage Products, Inc.
815 Tek Drive
Crystal Lake, Illinois 60014

Notices to Stericycle: Mr. Mark C. Miller
1419 Lake Cook Road
Suite 410
Deerfield, Illinois 60015

Stericycle, Inc.
1419 Lake Cook Road
Suite 410
Deerfield, Illinois 60015

or to such other addresses as any party may designate for itself by notice given from time to time to the other parties in the manner provided herein.

17. BINDING EFFECT. This Agreement shall be binding on the parties hereto, and their respective successors, assigns, heirs and legal representatives, and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, Sage and Stericycle have executed this Agreement on the day and year first above written.

SAGE PRODUCTS, INC.: STERICYCLE, INC.:

By: /s/ Vincent W. Foglia By: /s/ Mark C. Miller

Its: President 5/6/94 Its: President/CEO

May 6, 1994

FINAL SASPRO EQUIPMENT ESTIMATE
12/28/93

	October	November	December	January	February	March
[*]
[*]
[*]
[*]

* Omitted; filed separately with the Commission

PRODUCT SPECIFICATION

Steri-Plastic is a recycled product recovered from post consumer medical waste plastics after treatment by Stericycle's patented ETD process:

Steri-Plastic shall conform to the following proximate specification:

Product Type: Identified as primarily polypropylene by infrared spectrophotometry

Product Size: [*]

Shipping Configuration: Nominal [*] per palletted gaylord

Melt Flow [*]

It is understood that product specifications can change with a recycled product. The above specifications are to be considered as averages and material can from time to time vary; provided that they are still capable of being processed by Sage in an efficient manner and consistent with their quality standards.

* Omitted; filed separately with the Commission

STERICYCLE-SAGE JOINTLY DEVELOPED PROCESS TECHNOLOGY

The SASPRO Technology consists of two (2) sub-technologies.

The first is a dry classifier which provides both size and graduation and Ballistic Classification. The key pieces of equipment are shown at [*]. The equipment is supported with conventional material handling conveyors, a size reduction mill and a dust collection system.

The second is a wet classification and cleaning system which provides for Gravimetric separation, cleaning and drying of the plastic flakes. The equipment is supported with conventional material handling equipment and a steam boiler.

* Omitted; filed separately with the Commission

[LETTERHEAD]

November 27, 1995

This side letter is intended to expand upon our original agreement dated May 6, 1994.

1. Sage agrees to purchase all SASPRO production through [*], in satisfaction of its annual purchase commitment through [*].
2. Stericycle agrees to waive the royalty provision of the contract until such time as the above production has been consumed in the fabrication of finished product by Sage.
3. Sage agrees to participate with Stericycle in funding the direct costs (exclusive of intercompany allocation) of continued operations of the West Memphis facility. Stericycle will bill Sage at [*] not to exceed a maximum of [*]. This provision extends to [*].
4. Sage agrees to pay [*] related directly to the storage of the SASPRO inventory located at the West Memphis facility.
5. Stericycle agrees to extend Sage's exclusivity under this agreement to [*] coincident with provisions of Items 3 and 4. Exclusivity beyond [*] shall be subject to mutually agreeable financial support by Sage of the SASPRO operation.

/s/ Vincent W. Foglia

Sage Products
Authorized Signature

/s/ Mark C. Miller 11/27/95

Stericycle, Inc.
Authorized Signature

* Omitted; filed separately with the Commission

STANDARD FORM OF INDUSTRIAL LEASE
(NET)

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THIS LEASE, made this 1st day of October, 1991, by and between GENERAL

AMERICAN LIFE INSURANCE COMPANY, a Missouri corporation (hereinafter
"Landlord"), and STERICYCLE, INC., an Illinois Corporation

(hereinafter "Tenant").

ARTICLE I. DEFINITIONS.

1.1 ADDRESS OF LANDLORD: 1100 E. Orangethorpe, #130

Anaheim, CA 92801

1.2 ADDRESS OF TENANT: 3501 Algonquin Road, #220

Rollingmeadows, IL 60008

1.3 BASE RENT: \$4,600.00 * per month.

1.4 BASE YEAR: The calendar year in which this Lease commences.

1.5 BUILDING/S: The Building/s in which the Premises is located. The
specific Building in which the Premises is located contains 11,518 square feet.

The total square footage of all the Buildings in the Center is 333,716 square

feet, as of the above date.

1.6 CENTER: The land, improvements and appurtenances depicted on Exhibit B
attached hereto and commonly referred to as: (Name of Center:)
Corporate Business Center and located at (Street Address:) NEC Mountain View

and Redlands Blvd., (City:) Loma Linda (State:) California.

1.7 COMMON AREA: The term "Common Area" means all the areas of the Center
designed for the common use and benefit of the Landlord and all of the tenants,
their employees, agents, customers and invitees. The Common Area includes, but
not by way of limitation, parking lots, truck courts, landscaped and vacant
areas, driveways, rail spurs, walks and curbs with facilities appurtenant to
each as such areas may exist from time to time.

1.8 LEASE TERM: The lease term shall commence on January 1, 1992 and run

for 10 years, and zero months, expiring on December 31, 2001.
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1.9 PERMITTED USE OF THE PREMISES: Medical materials processing and

recycling, including administrative offices.

1.10 PREMISES: 11,518 square feet of space in the Center located as outlined

on Exhibit B attached hereto, and addressed as: (Street Address/Suite Number
of Premises:) 10390 Corporate Drive

Redlands, CA 92374 .

1.11 RENT: All sums, moneys or payments required to be paid by Tenant to
Landlord pursuant to this Lease, including Base Rent and Additional Rent.

1.12 ADDITIONAL RENT: All sums, moneys or payments required to be paid by
Tenant to Landlord pursuant to this Lease other than Base Rent.

1.13 SECURITY DEPOSIT: \$5,183.00.

1.14 TENANT'S ALLOCATED SHARE: The percentage figure determined by
dividing the number of square feet in the Premises then Leased to Tenant by
the total number of square footage in the Buildings in the Center, which
percentage at this time is 3.42%

* See Rider, Paragraph Four for additional rent for tenant improvements.

1.15 TENANT'S PROPORTIONATE SHARE: The percentage figure determined by dividing the number of square feet in the Premises by the total number of square feet in all the Buildings (this paragraph is applicable when the Center contains more than one Building), which percentage figure is: 3.42 %. This percentage

will change downward as the park is developed.

1.16 TENANT'S PRORATA SHARE: The percentage figure determined by dividing the number of square feet in the Premises by the number of square feet in the specific Building in which the Premises is located, which percentage figure is: 100 %.

ARTICLE II. THE DEMISED PREMISES.

2.1 LEASE OF THE PREMISES. In consideration of the Rents, covenants, agreements and conditions hereinafter provided to be paid, kept, performed and observed, the Landlord leases to the Tenant and the Tenant hereby hires from the Landlord the Premises, upon all the terms and conditions set forth in this Lease.

2.2 USE OF COMMON AREA. Landlord grants the Tenant the nonexclusive revocable use of the Common Area by Tenant, Tenant's employees, agents, customers and invitees, under all the terms and conditions hereof, which use shall be subject at all times to such reasonable, uniform and non-discriminatory rules and regulations as may from time to time be established by Landlord.

2.3 QUIET ENJOYMENT. Landlord covenants that the Tenant, on paying the Rent herein provided and keeping, performing and observing the covenants, agreements and conditions herein required of the Tenant, shall be peaceably and quietly hold and enjoy the Premises for the Lease Term, subject, however, to the terms and conditions of this Lease.

2.4 RESERVATIONS BY LANDLORD. Landlord excepts and reserves from the Premises the roof and exterior walls of the Building/s, and further reserves the right to place, install, maintain, carry through, repair and replace such utility lines, air ducts, pipes, wires, appliances, tunneling and the like in, over, through and upon the Premises as may be reasonably necessary or advisable for the servicing of the Premises or any other portions of the Center. See Rider. Landlord further reserves the right, at any time, and from time to time to: (i) make alterations, changes and additions to the Building/s and other improvements in the Center; (ii) add additional areas to the Center and/or to exclude areas therefrom; (iii) construct additional buildings and other improvements in the Center; (iv) remove or relocate the whole or any part of any building or other improvement in the Center; except for the Premises and (v) relocate any other tenant in the Center. It is further understood that the existing layout of the buildings, walks, roadways, parking areas, entrances, exits, and other improvements shall not be deemed to be a warranty, representation or agreement on the part of the Landlord that the Center will remain exactly as presently built, it being understood and agreed that Landlord may change the number, dimensions and locations of the walks, buildings and parking spaces as Landlord shall deem proper. See Rider.

ARTICLE III. TERM OF THE LEASE.

3.1 TERM. Tenant shall have and hold the Premises for and during the Lease Term subject to the payment of the Rent and the full and timely performance by Tenant of all the covenants and conditions set forth in this Lease.

3.2 TENDER OF POSSESSION. Landlord shall use its best efforts to tender possession of the Premises to Tenant of the commencement of the Lease Term. Landlord shall not be subject to any liability for any failure to tender possession of the Premises to Tenant, provided that such failure occurred as a consequence of any circumstance or cause beyond Landlord's reasonable control, including but not limited to any Act of God or the failure of a prior tenant to vacate all or any portion of the Premises. Tenant shall not be responsible for all rent under this Lease until Landlord tenders possession of the Premises, as long as Tenant does not cause any unreasonable delays.

3.3 HOLDING OVER. In the event of a holding over by Tenant or any of its successors in interest after expiration or termination of this Lease without the consent in writing of the Landlord, Tenant shall be deemed a Tenant at sufferance and shall pay as liquidated damages, double Rent for the entire holdover period and all reasonable attorney's fees and expenses incurred by Landlord in enforcing its rights hereunder. Any holding over with the consent of Landlord shall constitute Tenant a month-to-month tenant upon and subject to all the terms, covenants and conditions of this Lease.

ARTICLE IV. RENT.
- - - - -

4.1 BASE RENT. Tenant covenants to pay without notice, deduction, set-off or abatement to Landlord the Base Rent in lawful money of the United States in equal consecutive monthly installments in advance on the first day of each month during the Lease Term. Base Rent for any partial month shall be prorated on a per diem basis. Base Rent shall be payable to Landlord at Landlord's Address or such other place as Landlord may designate from time to time in writing. Tenant shall pay the first full month's Base Rent within seven (7) days of execution of this Lease.

4.2 ADDITIONAL RENT. Tenant covenants to pay without notice, deduction, set-off or abatement to Landlord the Additional Rent in lawful money of the United States in equal consecutive monthly installments in advance on the first day of each month during the Lease Term. Additional Rent for any partial month shall be prorated on a per diem basis. Additional Rent shall be payable to Landlord at Landlord's Address or such other place as Landlord may designate in writing. In order to provide for current payments of Additional Rent, Tenant agrees to pay an amount of Additional Rent reasonably estimated by Landlord from time to time commencing on the first day of the month following the month in which Landlord notifies Tenant of the amount of such Additional Rent. If, as finally determined, the amount of Additional Rent owing by Tenant shall be greater than or less than the aggregate of all installments so paid to Landlord for each calendar year, the Tenant shall pay to Landlord the amount of such underpayment, or Landlord shall credit Tenant for the amount of such overpayment, as the case may be. It is the intention hereunder to estimate the amount of Additional Rent for each calendar year and then to adjust such estimate in the following year based on the actual amount of Additional Rent owing. The obligation of Tenant with respect to the payment of Additional Rent shall survive the termination of this Lease. Any payment, refund or credit made pursuant to this paragraph shall be made without prejudice to any right of Tenant to dispute the amount of Additional Rent owing, or the right of the Landlord to correct any items as billed pursuant to the provisions hereof. Within 30 days of the date Landlord notifies Tenant of the amount of Additional Rent owing, Tenant or its authorized agent shall have the right to inspect the books of Landlord during the business hours of Landlord at such location that Landlord may specify, for the purpose of verifying such amount. Unless Tenant asserts specific errors within such 30 days, such notification by Landlord shall be deemed to be correct. No decrease in Additional Rent shall reduce Tenant's liability hereunder below the amount of Base Rent payable hereunder.

4.2(a) UTILITIES AND SERVICES. Landlord shall not be liable for any interruption or failure whatsoever in utility services. Tenant shall contract in its own name and pay for all charges for electricity, gas, fuel, telephone, and any other services or utilities used in, servicing or assessed against the Premises, unless otherwise herein expressly provided. Additionally, and if the Building is master metered for water, sewer and exterior lighting, Tenant agrees to pay to Landlord as Additional Rent Tenant's Prorata Share of the cost of such utilities for the Building. Additionally, and as containerized rubbish collection bins will be provided to the Building, Tenant agrees to pay to Landlord as Additional Rent, Tenant's reasonable Allocated Share of the service cost of such bins (unless Landlord, exercising reasonable discretion, should determine that Tenant's actual use thereof is greater than such Tenant's Allocated Share therefore, in which case an equitable adjustment shall be made). Landlord may, however, require Tenant or Tenant may desire to contract for

his own rubbish collection, in the event Tenant's needs for such containers constitute excessive demand on common containers. In such event, Tenant shall contract with the same provider as the Center's common bins.

4.2(b) INSURANCE. Tenant shall pay to Landlord as Additional Rent Tenant's Reasonable Prorata Share (or, Tenant's Proportionate Share in the event there is more than one Building in the Center) of the cost of the premiums for the fire and extended coverage insurance that Landlord maintains for the Center.

4.2(c) REAL ESTATE TAXES. Tenant shall pay to Landlord as Additional Rent Tenant's Reasonable Prorata Share (or, Tenant's Proportionate Share in the event there is more than one Building in the Center) of Real Estate Taxes levied against the Center. "Real Estate Taxes" shall mean: (a) all ad valorem Real Estate Taxes on the Center (adjusted after protest or litigation, if any) for any part of the term of this Lease, exclusive of penalties; (b) any taxes which shall be levied in lieu of any such ad valorem Real Estate Taxes; (c) any special assessments for benefits on or to the Center paid in annual installments by Landlord; (e) any private subdivision assessment made against the Center.

If the Lease Term shall end during a tax year ("tax year" shall mean the annual period for which Real Estate Taxes are assessed and levied) of which only part is included in the Lease Term, the amount of such Additional Rent shall be prorated on a per diem basis and shall be paid on or before the last day of the Lease Term. If the Lease Term ends in any tax year before the amount to be payable by Tenant has been determined under the provisions of this Section, an amount payable for the portion of the Lease Term during the tax year shall be reasonably estimated by Landlord and the estimated amount shall be promptly paid by Tenant. As soon as the amount properly payable by Tenant for the partial period has finally been determined, the amount shall be adjusted between Landlord and Tenant. Tenant shall be liable for all taxes levied against personal property and trade fixtures placed by Tenant in the Premises.

4.2(d) HVAC MAINTENANCE. Tenant shall pay to Landlord as Additional Rent Tenant's Allocated Share of Landlord's cost and expense of the maintenance service agreements to the heating, ventilation and air conditioning equipment and controls servicing the Premises or must contract with a landlord approved maintenance firm for same. Tenant shall pay all expenses incurred to repair the heating, ventilating and air conditioning equipment servicing the Premises.

4.2(e) COMMON AREA EXPENSES. Tenant will pay to Landlord as Additional Rent Tenant's Prorata Share (or, Tenant's Proportionate Share in the event there is more than one Building in the Center) of the Common Area Operating Cost.

"Common Area Operating Cost" means the Landlord's total cost and expense reasonably incurred in, operating, maintaining and repairing the Common Area, including but without limitation by enumeration, costs for all electricity, gas, water, sewer or fuel used in connection with the operation, maintenance and repair of the Common Area; the amount paid for all electricity furnished to the Common Area to light the parking lots or for any other purpose; the amount paid for

all labor and/or wages and other payments including costs to Landlord of workmen's compensation and disability insurance, payroll taxes, welfare and fringe benefits made to janitors, employees, contractors and subcontractors of the Landlord involved in the operation and maintenance of the Common Area; managerial, administrative, and telephone expenses related to operation and maintenance of the Common Area; the total charges of any independent contractors employed in the care, operation, repair, maintenance, cleaning, snow removal, salting and landscaping of the Common Area; the amount paid for all supplies, tools, replacement parts of components, equipment and necessities which are occasioned by everyday wear and tear of the Common Area; the amount paid for premiums for all insurance required from time to time by Landlord or Landlord's mortgagees; the costs of machinery and equipment purchased or leased by Landlord to perform its Common Area maintenance obligations; and property management fees not to exceed five percent (5%) of the gross income of the Center. To the extent that Landlord elects to provide services which are not separately metered or directly billed to the tenant, such as water, sewer and trash hauling, the costs of such services shall be included in Common Area Operating Cost. Common Area Operating Cost shall not, however, include interest on debt, capital retirement of debt, depreciation, income taxes costs properly chargeable to the capital account, except for capital expenditures which reduce other operating expenses or such capital expenditures that are required by changes in any governmental law or regulation in which case such expenditures, plus interest on the unamortized principal investment at ten (10%) percent per annum, shall be amortized over the life of the improvements, and such costs shall be directly chargeable by the Landlord to Tenant in the Tenant's Prorata Share (or, Tenant's Proportionate Share in the event there is more than one Building in the Center).

4.2(f) RENT ON SALES TAXES. Tenant shall pay to Landlord as Additional Rent any Sales or Rent Taxes, excluding any income tax, however named or designated, levied on any form of Rent or Additional Rent.

4.3 LATE PAYMENT. Tenant's failure to make any rental or other payment required of Tenant hereunder within ten (10) days of the due date therefor shall automatically result in the imposition of a service charge for such late payment in the amount of five (5%) percent of such payment, without notice.

4.4 SECURITY DEPOSIT. Tenant herewith deposits with Landlord the Security Deposit as security for the performance by Tenant of every material covenant and condition of this Lease. Said Security Deposit may be mingled with other funds of Landlord and shall bear no interest. If Tenant shall default with respect to any covenant or condition of this Lease, Landlord may apply the whole or any part of such Security Deposit to the payment of any sum in default, including Rent and Additional Rent, or any sum which Landlord may be required to spend by reason of Tenant's default. This includes, but is not limited to, applying the Security Deposit first to any restoration, relamping, repairs and/or cleanup costs necessary over and above normal wear and tear of the vacated space. Should Landlord so apply the Security Deposit or any portion thereof during the Lease Term, Tenant shall promptly reimburse Landlord for same. It is understood that the Security Deposit is not to be considered as the last month's rent. Should Tenant comply with all of the covenants and conditions of this Lease, the Security Deposit or any balance thereof shall be returned to Tenant within 30 days of the expiration of the Lease Term.

ARTICLE V. LANDLORD'S RIGHTS AND OBLIGATIONS.

5.1 MAINTENANCE BY LANDLORD. During the Lease Term, Landlord shall operate and maintain the Common Area and shall keep and maintain the roof, exterior walls (excluding doors, glass or plate glass), gutters and downspouts of the Building/s in good condition and repair. Landlord shall be under no obligation and shall not be liable for any failure to make repairs that are Landlord's responsibility herein until and unless Tenant notifies Landlord in writing of the necessity therefor, in which event Landlord shall have a reasonable time thereafter to make such repairs. Landlord reserves the right to the use of the roof and exterior walls of the Building/s which Landlord is so obligated to maintain and repair. Landlord or Tenant shall enter into a service contract on the Building for the heating, ventilation and air conditioning equipment for periodic inspection and service of such equipment, and if Landlord enters into service contract, Tenant shall reimburse Landlord pursuant to the provisions hereof. If any portion of the Center which Landlord is obligated to maintain or repair is damaged by the negligence of Tenant, its agents, employees or invitees, then repairs necessitated by such damage shall be paid for by Tenant, normal wear and tear excepted. If the maintenance or repair is not made necessary by the negligence of Tenant, its agents, employees or invitees, then Tenant shall pay to Landlord, Tenant's Prorata Share (or Proportionate Share) of such cost and expense.

5.2 MORTGAGE AND TRANSFER; ESTOPPEL CERTIFICATES. Landlord shall have the right to transfer, mortgage, pledge or otherwise encumber, assign and convey, in whole or in part, the Center, the Building/s, this Lease, and all or any part of the rights now or thereafter existing therein and all Rents and amounts payable to Landlord under the provisions hereof. In the event of any such transfer or transfers, Landlord herein named (and in case of any subsequent transfer, the then transferor) shall be automatically freed and relieved from and after the date of such transfer of all personal liability as respects the performance of any covenants or agreements on the part of Landlord contained in this Lease thereafter to be performed. Nothing herein contained shall limit or restrict any such rights, and the rights of the Tenant under this Lease shall be subject and subordinate to all instruments executed and to be executed in connection with the exercise of any such rights, including, but not limited to, the lien of any mortgage, deed of trust, or security agreement now or hereafter placed upon Landlord's interest in the Premises. This paragraph shall be self-operative. However, Tenant covenants and agrees to execute and deliver upon demand such further instruments subordinating this Lease to the lien, of any such mortgage, deed of trust or security agreement as shall be requested by Landlord and/or mortgagee or proposed mortgagee or holder of any security agreement and hereby irrevocably appoints Landlord as its agent and attorney-in-fact to execute and deliver any such instrument for and in the name of Tenant. [See Rider] Tenant shall, within ten (10) days after written request of Landlord, execute, acknowledge and deliver to Landlord or to Landlord's mortgagee, and at the sole cost of Landlord proposed mortgagee, Land Lessor or proposed purchaser of the Center or any part thereof, any estoppel certificates requested by Landlord from time to time, which estoppel certificates shall show whether the lease is in full force and effect and whether any changes may have been made to the original lease; whether the term of the lease has commenced and full rental is accruing; whether there are any defaults by Landlord and, if so, the nature of such defaults; whether possession has been assumed and all improvements to be provided by Landlord have been completed; and whether rent has been paid more than thirty (30) days in advance and that there are no liens, charges, or offsets against rental due or to become due and that the address shown on such estoppel is accurate.

5.3 LANDLORD'S INABILITY TO PERFORM. If, by reason of: inability to obtain and utilize labor, materials or supplies; circumstances directly or indirectly the results of a state of war or national or local emergency; any laws, rules, orders, regulations or requirements of any governmental authority now or hereafter in force; strikes or riots; accident in, damage to or the making of repairs, replacements, or improvements to, the Premises or any of the equipment thereof; or by reason of any other cause beyond the reasonable control of the Landlord including "Acts of God," Landlord shall be unable to perform or shall be delayed in the performance of any covenant to supply any

service, such nonperformance or delay in performance shall not render Landlord liable in any respect for damages to either person or property, constitute a total or partial eviction, constructive or otherwise, work an abatement of rent or relieve Tenant from the fulfillment of any covenant or agreement contained in this Lease so long as Tenant is able to access and use the premises for its permitted use.

5.4 RIGHTS OF LANDLORD. Landlord may enter upon the Premises for the purpose of exercising any or all of the rights hereby reserved without being deemed guilty of an eviction or disturbance of Tenant's use or possession and without being liable in any manner to Tenant. The reservation of these rights by Landlord shall not render Landlord liable for not performing any of the matters specified herein.

5.4(a) NAME OF CENTER. To change the name of the Building/s or the Center without notice or liability of the Landlord to Tenant;

5.4(b) REDECORATE. During the last ninety (90) days of the Lease Term or any renewal or extension thereof, if during or prior to that time the Tenant has vacated the Premises, to decorate, remodel, repair, alter or otherwise prepare the Premises for reoccupancy; at its sole risk; so long as such activity does not interfere with Tenants quiet enjoyment of the premises.

5.4(c) RE-LEASE. To exhibit the Premises to others and to display "For Lease" signs on the Premises during the last one hundred eighty (180) days of the Lease Term or any renewal or extension thereof;

5.4(d) VEHICLES. To remove abandoned or unlicensed vehicles and vehicles that are unreasonably interfering with the use of the parking lot by others, and to charge the responsible tenant for the reasonable expense of removing said vehicles;

5.4(e) PRESERVATION OF CENTER. To take any and all measures, including making inspection, repairs, alterations, additions and improvements to the Premises or to the Center as may be necessary or desirable for the safety, protection or preservation of the Premises or the Center or the Landlord's interests, or as may be necessary or desirable in the operation of the Premises or the Center.

ARTICLE VI. TENANT'S RIGHTS AND OBLIGATIONS.

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6.1 ACCEPTANCE OF PREMISES. Landlord will complete the Premises in accordance with Exhibit C, attached hereto. Tenant acknowledges that it will examine the Premises before taking possession hereunder. Unless Tenant furnishes Landlord with a notice in writing specifying any defect in the construction or condition of the Premises within sixty (60) days after taking possession, such taking of possession shall be conclusive evidence as against Tenant that at the time thereof the Premises were in good order and satisfactory condition.

6.2 ALTERATIONS AND ADDITIONS. Tenant shall not make any alterations, improvements, or additions to the Premises without the prior written consent and approval of plans thereof by Landlord which shall not be unreasonably withheld. Alterations, improvements or additions made by either of the parties upon the Premises, except moveable furniture and equipment placed in the Premises at the expense of Tenant, shall be the property of Landlord and shall remain upon and be surrendered with the Premises as a part thereof at the termination of this Lease, without disturbance, molestation, injury or damage. In the event damage shall be caused by moving said furniture and equipment in or out of the Premises, said damage shall be repaired at the cost of Tenant. Upon termination of this Lease, Tenant will remove their fixtures and return the building to its original condition.

6.3 ASSIGNMENT AND SUBLETTING. Tenant shall not assign or hypothecate this Lease or sublet all or any part of the Premises without the prior written consent of Landlord, which shall not be unreasonably withheld. If Tenant wishes to assign or sublet the Premises, it shall give notice in writing (by certified mail or by personal delivery) of such intention to Landlord and, thereupon, Landlord shall, within thirty (30) days of receipt of such notice, have the right to unilaterally terminate this Lease or to approve said subletting by written notice to Tenant. If no notice is given by Landlord, Landlord will be deemed to have elected to approve the assignment or subletting. If the assignment or subletting is approved and rents under the sublease are greater than the rents provided for herein, then Landlord shall have the further option either (a) to convert the sublease into a prime Lease and receive all of the rents, in which case Tenant will be relieved of further liability hereunder and under the proposed sublease, or (b) to require Tenant to remain liable under this Lease, in which event Tenant shall be entitled to retain such excess rents. If the assignment or subletting is approved and rents under the sublease are less than the rents provided herein, Tenant shall remain liable under all the covenants and conditions of this Lease. Landlord may withhold its consent to any proposed assignee or subtenant which in Landlord's judgement (a) would conflict with the tenancy, use or business of any other tenant or the tenant mix of the Center, (b) has a net worth and/or credit history inferior to that of Tenant, or (c) is currently a tenant or negotiating for space in the Center. Landlord and Tenant shall work towards an orderly transition in the case of an acceptable Assignment.

6.4 LOCKS. No additional locks or similar devices shall be attached to any door or window without Landlord's prior written consent. No keys for any door other than those provided by the Landlord shall be made. If more than two keys for one lock are desired, the Landlord will provide the same upon payment by the Tenant. All keys must be returned to Landlord at the expiration or termination of the lease.

6.5 MAINTENANCE BY TENANT. Tenant shall be responsible for all maintenance and repair to the Premises of whatsoever kind or nature that is not herein set forth specifically as the obligation of Landlord. Tenant shall take good care of the Premises and fixtures, and keep them in good repair free from filth, overloading, danger of fire or any pest or nuisance, repair any damage or breakage done by Tenant or Tenant's agents, employees or invitees, including damage done to the Building/s by Tenant's equipment or installations. Tenant shall be responsible for the repair and replacement of all glass and plate glass on the Premises. In the event Tenant fails to maintain the Premises as provided for herein Landlord shall have the right, but not the obligation, to perform such maintenance as is required of Tenant in which event Tenant shall reimburse Landlord for its costs in providing such maintenance or repairs together with a ten (10%) percent charge for Landlord's overhead and Tenant shall promptly reimburse Landlord for the amount so billed to Tenant by Landlord.

6.6 MECHANIC'S LIENS. Tenant will not permit any mechanic's liens, or other liens, to be placed upon the Premises, the Building/s or the Center during the Lease Term or any extension or renewal thereof, and in case of the filing of any such lien, Tenant will promptly pay same. Tenant agrees to pay all legal fees that might be incurred by Landlord because of any mechanic's liens being placed upon the Premises, as a result of Tenant's actions.

6.7 REDELIVERY OF PREMISES. No later than the last day of the Lease Term (or any renewals or extensions thereof), Tenant will remove all Tenant's personal property and repair all injury done by or in connection with installation or removal of such property and surrender the Premises broom clean (together with all keys to the Premises) in as good a condition as they were in at the beginning of the Lease Term, reasonable wear and tear excepted.

6.8 SIGNS AND ADVERTISEMENTS. Tenant shall not put upon nor permit to be put upon any part of the Premises, the Building/s or the Center, any signs, billboards or advertisements whatever in any location or any form without the prior written consent of Landlord. A charge of \$50.00 per day per sign, billboard or advertisement will be assessed against Tenant if Tenant fails to obtain the written consent of Landlord prior to placing any such signs.

6.9 USE OF COMMON AREAS. Tenant shall not use any part of the Center exterior to the Premises for outside storage. No trash, crates, pallets, or refuse shall be permitted anywhere on the Center outside of the Building/s by Tenant except in enclosed metal containers to be located as directed by Landlord. Tenant shall not park any trucks or trailers, loaded or empty, except in specifically marked loading and truck parking locations.

6.10 USE OF PREMISES. The Premises hereby leased shall be used by the Tenant only for the Permitted Use of the Premises and for no other purposes. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term or any part of the term hereof regulating the use by Tenant of the Premises. Tenant shall not use or permit the use of the Premises in any manner that will tend to create waste or a nuisance, or will tend to unreasonably disturb such other tenants in the Center. Tenant, its employees and all persons visiting or doing business with the Tenant in the Premises shall be bound by and shall observe the Rules and Regulations attached to this Lease, as Exhibit A, and such further and other reasonable rules and regulations made hereafter by the Landlord relating to the Center or the Premises of which notice in writing shall be given to the Tenant and all such rules and regulations shall be deemed to be incorporated into and form a part of this Lease.

6.11 HAZARDOUS SUBSTANCES. Tenant shall not cause or permit to be released (whether by way of uncapping, pouring, spilling, spraying, spreading, attaching, or otherwise) into or onto the Premises, or the Building/s, or the Center, or the Common Areas (including the ground and ground water thereunder and the sewer and drainage systems therein) any hazardous substances (as defined or established from time to time by applicable local, state or federal law). Tenant shall immediately notify Landlord if any such release occurs, and, as to any such release that has been caused or permitted by Tenant: (i) Tenant shall immediately and entirely remove such released hazardous substance, and in a manner fully in compliance with all laws pertaining to the removal and storage or deposit thereof; and (ii) Tenant hereby agrees to hold Landlord harmless of and from any liability, public or private, resulting to Landlord as a result of such release. Further, Tenant shall, upon Landlord's demand and at Tenant's sole expense, demonstrate to Landlord (through such tests, professional inspections, sampling or otherwise as is, in Landlord's sole judgment, sufficient for the purpose) that Tenant has not caused or permitted any such release of hazardous substances.

ARTICLE VII. INSURANCE.

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7.1 LIABILITY INSURANCE. Tenant covenants and agrees to maintain on the Premises at all times during the Lease Term, or any extension or renewal thereof, a policy or policies of comprehensive public liability and property damage insurance with not less than \$1,000,000.00 combined single limit for both bodily injury and property damage.

7.2 FIRE AND EXTENDED COVERAGE INSURANCE. Landlord shall, throughout the Lease Term, or any extension or renewal thereof, maintain fire and extended coverage (FEC) insurance on the property owned by Landlord including Landlord approved improvements made by Tenant located on the Center in such amounts and with such deductibles as Landlord shall determine. Landlord shall not in any way or manner insure any property of Tenant or any property that may be in the Premises not owned by Landlord except for Landlord approved leasehold improvements. Tenant shall comply with all insurance regulations so that the lowest fire, lightning, explosion, extended coverage and liability insurance rates may be obtained; and nothing shall be done or kept in or on the Premises by Tenant which will cause an increase in the premium of any such insurance on the Premises or on any Building/s of which the Premises are a part or on any contents located therein, over the rate usually obtained for the proper use of the Premises permitted by this Lease or which will cause cancellation of any such insurance.

7.3 INDEMNIFICATION OF LANDLORD. Tenant shall indemnify Landlord and save Landlord harmless from and against any and all loss (including loss of rentals payable by Tenant or other tenants) and against all claims, actions, damages, liability and expenses in connection with loss of life, bodily and personal injury or damage to property arising from any occurrence in, upon or at the Premises or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, or by anyone permitted to be on the Premises by Tenant. Tenant agrees, at all times, to indemnify and hold Landlord harmless against all actions, claims, demands, costs, damages or expenses of any kind which may be brought or made against Landlord or which Landlord may pay or incur by reason of Tenant's occupancy of the Premises or its negligent performance of or failure to perform any of its obligations under this Lease. In case Landlord shall, without fault on its part, be made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorney's fees incurred or paid by Landlord in connection with such litigation. See Rider.

ARTICLE VIII. EMINENT DOMAIN AND DAMAGE OR DESTRUCTION.

8.1 EMINENT DOMAIN. In the event that title to the whole or a substantial part of the Premises shall be lawfully condemned or taken in any manner for any public or quasi-public use, this lease and the term and estate hereby granted shall forthwith cease and terminate as of the date of vesting of title and Landlord shall be entitled to receive the entire award, Tenant hereby assigning to Landlord the Tenant's interest therein, if any. However, nothing herein shall be deemed to give Landlord any interest in or to require Tenant to assign to Landlord any award made to Tenant for the taking of personal property or fixtures belonging to Tenant or for the interruption of or damage to Tenant's business or for Tenant's moving expenses. A sale to a public or quasi-public authority under threat of condemnation shall constitute a taking by eminent domain. In the event that title to a part of the Buildings other than the Premises shall be so condemned or taken, Landlord may terminate this lease and the term and estate hereby granted by notifying Tenant of such termination within sixty (60) days following the date of vesting of title, and this lease and the term and estate hereby granted shall expire on the date specified in the notice of termination, not less than sixty (60) days after the giving of such notice, as fully and completely as if such date were the date herein set for the expiration of the Lease Term, and the Rent hereunder shall be apportioned as of such date. In the event of any condemnation or taking of any portion of the parking area of the Center, which does not result in a reduction of the parking area by more than twenty percent (20%), the terms of this lease shall continue in full force and effect. If more than twenty percent (20%) of the parking area is taken, either party shall have the right to terminate this lease upon giving written notice to the other party within thirty (30) days of such taking.

8.2 DAMAGE OR DESTRUCTION. If the Premises, the Building/s or the Center or any part thereof is damaged by fire or other casualty, cause or condition whatsoever and Landlord shall determine not to restore said Premises, Building/s or Center, Landlord or Tenant may, by written notice to the other given within sixty (60) days after such damage, terminate this Lease. Such termination shall become effective as of the date of the damage. If this Lease is not terminated as above provided and if the Premises are made partially or wholly untenable, Landlord, at its expense, shall restore the same with reasonable promptness to the condition in which Landlord furnished the Premises to Tenant at the commencement of the Lease Term as to those items that were provided to the Premises at Landlord's expense without any reimbursement by Tenant. Landlord shall be under no obligation to restore any alteration, improvements or additions to the Premises made by Tenant or paid for by Tenant, including, but not limited to, any of the initial tenant finish done or paid for by Tenant or any subsequent changes, alterations or additions made by Tenant or reimbursed by Tenant.

If, as a result of fire or other casualty, cause or condition whatsoever the Premises are made partially or wholly untenantable and, if Landlord has not given the sixty (60) day notice above provided for and fails within one hundred twenty (120) days after such damage occurs to eliminate substantial interference with tenant's use of said Premises or substantially to restore said Premises, tenant may terminate this Lease after the end of said one hundred twenty (120) days, effective as of the date such damage occurs, by notice to Landlord given not later than ten (10) days after expiration of said one hundred twenty (120) day period. If the Premises are rendered totally untenantable but this Lease is not terminated, all rent shall abate from the date of the fire or other relevant cause or condition until the Premises are ready for occupancy and reasonably accessible to Tenant. If a portion of the Premises is untenantable, and Tenant and Landlord decide to have Tenant remain in the premises, rent shall be prorated on a per diem basis and apportioned in accordance with the portion of the Premises which is usable by the Tenant until the damaged part is ready for the Tenant's occupancy. In all cases, due allowance shall be made for reasonable delay caused by adjustment of insurance loss, strikes, labor difficulties or any cause beyond Landlord's reasonable control. For the purposes of this Lease, said Premises shall be considered tenantable so long as and to the extent that the Premises are occupied. In any event, Tenant shall be responsible for the removal, or restoration, when applicable, of all its damaged property and debris from the Premises, upon request by Landlord or else Tenant must reimburse Landlord for the cost of removal.

ARTICLE IX. DEFAULT AND REMEDIES.

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9.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute a Default and a material breach of this Lease by Tenant:

9.1(a) NONPAYMENT. Failure of Tenant to pay any installment of Rent or other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of the (10) days; or

9.1(b) NONCOMPLIANCE. Failure of Tenant to comply with any material term, condition or covenant of this Lease, other than the payment of Rent or other sum of money, and such failure shall not be cured within thirty (30) days after written notice thereof has been delivered by Landlord to Tenant; or

9.1(c) INSOLVENCY OR TRANSFER. Insolvency, the making of a transfer in fraud of creditors or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligation; or

9.1(d) BANKRUPTCY. The filing by or against Tenant or any guarantor of tenant's obligations hereunder of a petition in bankruptcy or for liquidation, or adjudication as a bankrupt or insolvent in proceedings filed by or against Tenant or such guarantor unless Landlord continues to receive full amount of all rents due; or

9.1(e) RECEIVER. Appointment of receiver or trustee for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations hereunder unless Landlord continues to receive full amount of all rents due; or

9.1(f) ABANDONMENT. Abandonment by Tenant of any substantial portion of the Premises or cessation of use of the Premises for the purpose leased unless Landlord continues to receive full amount of all rents due.

9.2 REMEDIES. In the event of the occurrence of any Material Default, Landlord shall have the right, after written notice to or demand upon Tenant and without being liable to Tenant for any damages or to any prosecution therefor, to do any and all of the following:

9.2(a) REPOSSESSION AND SALE. Re-enter and take exclusive possession of the Premises with legal process, refuse to allow Tenant to enter the same or have possession thereof, change the locks on the doors to the

Premises, take possession of any furniture or fixtures or other property in or upon the Premises (Tenant hereby waiving the benefit of all exemptions by law), sell the same at public or private sale without notice and apply the proceeds thereof to the costs of sale, payment of damages and payment of all sums owing under this Lease; and/or

9.2(b) **RELEASING.** Relet the Premises as agent of Tenant for the balance of the term of this Lease or for a shorter or longer term and receive the rents therefor, applying them first to the payment of the expense of such reletting and, second, to the payment of damages suffered to the Premises, and third to all sums due and to become due under this Lease, Tenant remaining liable for and hereby agreeing to pay Landlord any deficiency; and/or

9.2(c) **CANCELLATION.** Cancel and terminate the remaining term of this Lease, and re-enter and take possession of the Premises free of this Lease. Thereafter this Lease shall be null and void and the Rent in such case shall be apportioned and paid on and up to the date of such entry. Thereafter both parties shall be released and relieved from and of any and all obligations thereafter to accrue hereunder. Tenant shall be liable for all loss and damage resulting from such breach or default; and/or

9.2(d) **ANTICIPATORY BREACH.** Treat such default as an anticipatory breach of this Lease and, as liquidated damages for such default, be entitled to the difference, if any, between the sum which, at the time of such termination for anticipatory breach represents the then present worth (computed at ten percent (10%) per year) of the excess aggregate rents and additional rents payable hereunder that would have accrued over the balance of the Lease Term (including renewals) had such term not been prematurely terminated, over the aggregate market rental value of the Premises over the term (including renewals) that the Lease would have run had it not been prematurely terminated; and/or

9.2(e) **ATTORNEY'S FEES.** Recover from Tenant, Landlord's reasonable attorney's fees incurred in enforcing its rights hereunder.

9.3 **REMEDIES CUMULATIVE.** All rights and remedies expressly provided in this Lease for Landlord's protection shall be cumulative as to each other and of any other rights and remedies provided hereunder or by law.

9.4 **NO WAIVER.** A waiver by Landlord of a breach or default by Tenant under the terms and conditions of this Lease shall not be construed to be a waiver of any subsequent breach or default or of any other or the same term or condition of this Lease, and the failure of Landlord to assert any breach or to declare a default by Tenant shall not be construed to constitute a waiver thereof so long as such breach or default continues unremedied.

ARTICLE X. MISCELLANEOUS.

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10.1 **BANKRUPTCY OR ASSIGNMENT TO TRUSTEE.** Neither this Lease nor any interest therein nor any estate hereby created shall pass to any trustee or receiver in bankruptcy or to any other receiver or assignee for the benefit of creditors or otherwise by operation of law during the term of this Lease or any renewal thereof.

10.2 **BROKERS.** Except as may be expressly set forth to the contrary in the Rider, each party represents to the other that no person, firm, corporation or other entity is entitled to any brokerage commission or finder's fee on account of the execution, delivery, and consummation of this Lease. Tenant hereby agrees to indemnify Landlord and to hold Landlord free and harmless of and from any and all claims, losses, damages, costs and expenses of whatsoever nature, including attorneys' fees and costs of litigation arising from or relating to any brokerage commissions or finder's fees incurred by Tenant in connection with this Lease.

10.3 CAPTIONS. The captions used throughout this Lease are for convenience and reference only and shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction or meaning of any provisions in this Lease.

10.4 CERTIFICATES OF OCCUPANCY. Tenant may, prior to the commencement of the Lease Term, apply for a certificate of occupancy to be issued by the municipality in which the Premises are located.

10.5 ENTIRE AGREEMENT. This Lease including its Exhibits and Rider, if any, contains the entire agreement between the parties and no modification of this Lease shall be binding upon the parties unless evidenced by an agreement in writing signed by Landlord and Tenant after the date hereof.

10.6 JOINT AND SEVERAL LIABILITY OF MULTIPLE TENANTS. If there be more than one Tenant named herein, the provisions of this Lease shall be applicable to and binding upon such Tenants jointly and severally.

10.7 NOTICES. Except as otherwise herein provided, whenever by the terms of this Lease notice shall or may be given either to Landlord or the Tenant, such notice shall be in writing and shall be deemed to have been properly delivered if sent by certified mail, return receipt requested, postage prepaid, to Landlord at Landlord's Address and to Tenant at the Premises, or to such other place as Landlord or Tenant may designate in writing. The date of mailing shall be deemed the date of delivery.

10.8 PARTIAL INVALIDITY. If any term, covenant, condition or provision of this Lease or the application thereof to any person or circumstances shall, to any extent be invalid, unenforceable or violate a party's legal rights, then such term, covenant, condition or provision shall be deemed to be null and void and unenforceable, however, all other provisions of this Lease, or the application of such term or provision to persons or circumstances other than those which are held invalid, unenforceable or violative of legal rights, shall not be affected thereby, and each and every other term, condition, covenant and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

10.9 RECORDING. This lease shall not be recorded by either party without the written consent of the other.

10.10 SUCCESSORS. The agreements, covenants and conditions of this Lease shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns of each of the parties hereto, except that no assignment, encumbrance or subletting by Tenant, unless permitted by the provision of Lease, without the written consent of Landlord shall vest any right in the assignee, encumbrancee or sublessee of Tenant.

10.11 USE OF THE SINGULAR; GENDER. The terms "Landlord" and "Tenant," and pronouns representing the same, wherever used herein shall include the plural as well as the singular, the feminine as well as the masculine.

10.12 RIDER. A Rider consisting of four pages, with paragraphs numbered 1 through 6 consecutively, is attached hereto and made a part hereof.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date hereinabove stated.

LANDLORD:

GENERAL AMERICAN LIFE INSURANCE COMPANY,
a Missouri Corporation

BY: /s/ Mary Lou Lemley

Mary Lou Lemley
Director of Real Estate

TENANT:

STERICYCLE, INC.

BY: /s/ illegible

BY: V. P. of Finance

BY: 11/26/91

RIDER

This Rider is attached to and made part of that certain Lease (the "Lease") dated OCTOBER 1, 1991, by and between GENERAL AMERICAN LIFE INSURANCE COMPANY, as Landlord, and STERICYCLE, INC., as Tenant, covering the property commonly known as 10390 ENTERPRISE DRIVE, REDLANDS, CA 92374 (the "Property"). The terms used herein shall have the same definitions as set forth in the Lease. The provisions of this Rider shall supersede any inconsistent or conflicting provisions of the Lease.

1. RENT ABATEMENT PERIOD AND OCCUPANCY DATE

Landlord shall give Tenant a total of four months of rent abatement as follows: January 1, 1992 to and including April 30, 1992, ("the rent abatement period"). Such occupancy during the rent abatement period shall be subject to all the provisions, terms and conditions of said Lease (including the payment of base rent, taxes, insurance and common area maintenance expenses) provided, however, that the base rent payable during said rent abatement period shall be payable only if an event of default under the Lease occurs at any time during the term of the Lease or during the term of the rent abatement period, in which event, on the occurrence of such event of default, all such rent for the rent abatement period shall become immediately due and payable to Landlord. If, at the end of expiration of the original said Lease, Tenant is not in default hereunder, and have made all rent and other payments provided for thereunder, Landlord agrees to waive any payment of base rent for the rent abatement period. In any event, tenant improvement expenses (per paragraph 4 of this Rider), taxes, insurance and common area maintenance expenses are due and payable as of the commencement date of the Lease. The provisions hereof shall not affect the termination date of the Lease set forth therein.

2. EARLY TERMINATION OF LEASE

The Lease Start Date is January 1, 1992. The Rent Abatement period starts as of that date. Stericycle will have the right to terminate the signed lease up to June 30, 1992 for the following reasons:

- A. Stericycle does not obtain the operating authority from the State of California.
- B. Stericycle does not obtain a Conditional Use Permit from the City of Loma Linda.
- C. Stericycles' Board of Directors does not approve the project.

Should Stericycle terminate this lease prior to June 30, 1992, Stericycle will forfeit to General American the following:

- A. If prior to April 30, 1992: Security Deposit plus one month's rent.
- B. If after April 30 and prior to June 30, 1992: Security deposit and one month's rent plus an additional month's rent for each month after April 30, 1992 (up to a maximum of two months additional rent).
- C. No Tenant Improvement money referenced in Paragraph 4 of this Rider shall be spent until this Paragraph 2 is deleted from the lease via an Addendum to the Lease, executed by both parties, ratifying the lease.

Notice of Termination of the Lease must be in written form and received by General American at the address of landlord indicated on Page one of the Lease, on or before June 30, 1992. If the lease is not terminated by June 30, 1992, it is deemed that the Board of Directors of Stericycle have approved this project for this site.

3. BASE RENT ADJUSTMENTS

The base rent described in Paragraph 1.3 of the Lease (not including tenant improvements per Paragraph 4 of this Rider) shall be as follows:

1/1/92 to 6/30/94	\$4,600.00
7/1/94 to 12/30/96	\$5,060.00
1/1/97 to 6/30/99	\$5,695.00
7/1/99 to 12/30/2001	\$6,400.00

4. TENANT IMPROVEMENTS

Landlord will provide up to \$150,000.00 for tenant improvements to the premises. Plans and specifications to be agreed upon by Landlord and Tenant prior to start of construction. For every dollar required by tenant from landlord for tenant improvements, \$.0143 Dollars will be added to the monthly base rent indicated in Paragraph 3 of this Rider.

5. ORIGINAL CONDITION

Upon termination of this Lease, Tenant will remove their fixtures and return the building to its original condition normal wear and tear, excepted.

6. CHANGES TO LEASE

Paragraph 1.5 - at end of last sentence add "as of the above date".

Paragraph 1.14 - The sentence should read "The percentage figure determined by dividing the number of square feet in the Premises then leased to Tenant by the total amount of square footage in the Buildings in the Center, which percentage at this time is 3.42%".

Paragraph 1.15 - at end of last sentence add "This percentage will change downward as the park is developed".

Paragraph 2.4 - After the word "center" in the 7th line, add "so long as this does not prevent tenant from using the premises for its permitted use, the cost of which shall be the responsibility in full of the landlord. After the word "center" in the 12th line, add "except for the premises;". At the end of the paragraph, add the sentence "It is understood that notwithstanding anything in this paragraph 2.4, the Landlord will not cause any action with respect to the Center which would prohibit the tenant from using the premises for its permitted use.

Paragraph 3.2 - At the end of the paragraph, add the sentence "Tenant shall not be responsible for all rent under this Lease until Landlord tenders possession of the premises, as long as Tenant does not cause any unreasonable delays.

Paragraph 3.3 - After all in the 5th line, add "reasonable".

Paragraph 4.1 - After "Base Rent" in 7th line, add "within seven (7) days of".

Paragraph 4.2(a) - After the word "Tenant's" in line 13, add "reasonable". After the word "Tenant" in line 18, add "or Tenant may desire".

Paragraph 4.2(b) - After the word "Tenant's" in line 2, add "reasonable".

Paragraph 4.2(c) - After the word "Tenant's" in line 2, add "reasonable". Delete the sentence starting with "(d) occupational", on lines 11 - 14. Delete the sentence starting with "and (f) the" on lines 16 - 19.

Paragraph 4.2(d) - After the word "Premises." in line 5, add "or must contract with a Landlord approved maintenance firm for same".

Paragraph 4.2(e), second paragraph - After the word "expense" in line 2, add "reasonably". Delete the word "owning" in line 2. In line 33, after the word "depreciation", add "income taxes".

Paragraph 4.2(f) - After the word "Taxes" in line 2, add "excluding any income tax".

Paragraph 4.3 - In line 2 delete "three (3)" and insert "ten (10)". In line 4 delete "ten (10%)" and insert "five (5%)".

Paragraph 4.4 - In line 2 after "every" add "material".

Paragraph 5.1 - In line 9, delete the word "exclusive". In line 10, after "maintain and repair. Landlord" add "or Tenant". At the beginning of line 13, add after "and", "if Landlord enters into service contract," In line 16, after "tenant", add "normal wear,". and tear excepted".

Paragraph 5.2 - After "Tenant" in line 22, add "so long as such action does not prohibit Tenant from utilizing the premises for its permitted use." In line 23, after "Landlord," add "and at the sole cost of Landlord".

Paragraph 5.3 - After "Lease" in line 14, add "so long as Tenant is able to access and use the premises for its permitted use."

Paragraph 5.4(b) - At end of paragraph, add "at its sole risk, so long as such activity does not interfere with Tenants quiet enjoyment of the premises."

Paragraph 5.4(d) - After the words "for the" in line 4, add "reasonable"

Paragraph 6.1 - Delete the word "if" in line 2. In line 4, delete "ten (10)" and insert "sixty (60)".

Paragraph 6.2 - In line 3, change the word "therefor" to "thereof". After "Landlord", add "which shall not be unreasonably withheld". In line 8, delete the balance of the sentence starting with "unless Landlord". At bottom of paragraph add, "Upon termination of this Lease, Tenant will remove their fixtures and return the building to its original condition normal wear and tear excepted."

Paragraph 6.3 - After "Landlord" in line 3, add "which shall not be unreasonably withheld". At end of paragraph, add the sentence "Landlord and Tenant shall work towards an orderly transition in the case of an acceptable assignment."

Paragraph 6.9 - In line six, delete "front of the loading areas." and insert "specifically marked loading and truck parking locations".

Paragraph 7.2 - After "Landlord" in line 3, add "including Landlord approved improvements made by tenant". After "Landlord" in line 6, add "except for Landlord approved leasehold improvements".

Paragraph 7.3 - Delete the sentence starting on line 8 "Tenant assumes all risk" and ending on line 13 with "of the Buildings/s." Last sentence in paragraph to read "In case Landlord or Tenant shall, without fault on its part, be made a party to any litigation commenced by or against the other, each shall protect and hold the other harmless and shall pay all costs, expenses and reasonable attorney's fees incurred or paid by the party in connection with such litigation."

Paragraph 8.2 - After "Landlord" in line 4, add "or tenant". Also replace "notice to Tenant" with "Notice to the other". In second paragraph, line 13, after "untenantable," add, "and Tenant and Landlord decide to have tenant remain in the Premises,"

Paragraph 9.1(a) - Delete "(five (5))" and insert "ten (10)".

Paragraph 9.1(b) - After "any" in line 2, add "material". Delete "ten (10)" and add "thirty (30)" in line 4.

Paragraph 9.1(d) - After "guarantor;" in line 5 add "unless Landlord continues to receive full amount of all rents due;"

Paragraph 9.1(e) - After "hereunder;" in line 3, add "unless Landlord continues to receive full amount of all rents due;"

Paragraph 9.1(f) - After "leased" in line 3, add "unless Landlord continues to receive full amount of all rents due;"

Paragraph 9.2 - Delete "without further" in line 2 and add "after written".

Paragraph 9.2(a) - In line 2, delete "or without force or".

Paragraph 9.2(e) - After "Landlord's" in line 1, add "reasonable".

Paragraph 10.4 - Delete "but this Lease shall not be contingent on issuance thereof."

Exhibit A, Paragraph 15 - In line 5 after "cause", add so long as the rule changes do not interfere with Tenant's permitted use".

Paragraph 9.2 - After "any" in line 1, add "material".

EXHIBIT A

RULES AND REGULATIONS

1. **SIGNS.** Tenant shall not inscribe any inscription or post, place, or in any manner display any sign, notice, picture, placard or advertising matter whatsoever anywhere in or about Premises at places visible (either directly or indirectly as an outline or shadow on a glass pane) from anywhere outside of the Premises or from public and common areas within Premises without first obtaining Landlord's written consent thereto and Landlord shall specify the color, size, style and material to be used.
2. **SHOWCASES.** No showcase shall be placed in front of or in the lobbies or corridors of the Premises and Landlord reserves the right to remove all showcases so placed and all signs other than those above provided for, without notice and at the expense of the tenant responsible.
3. **INSTALLATION OF SIGNS.** All exterior and interior signs must be installed by Landlord or someone designated by Landlord and the actual cost thereof shall be paid by Tenant and all such signs are so placed at the risk of Tenant.
4. **TELEPHONE CONNECTIONS.** If Tenant desires telegraphic, cable television, or telephone connections. Landlord will direct electricians where the wires are to be introduced and without such direction no boring or cutting for wires shall be permitted.
5. **SUBMISSION OF PLANS.** Tenant shall submit to Landlord for Landlord's approval, a copy of its construction and equipment layout plan prior to commencement of construction. In the event that Tenant is unable to obtain Landlord's approval for said plans and layout, this Lease shall at Tenant's sole option be deemed null and void and any amounts paid by Tenant to Landlord pursuant to this lease shall be reimbursed to Tenant without offset.
6. **NO NUISANCES.** Tenant shall not do or permit anything to be done in the Premises which will be dangerous to life, or limb, or which will tend to create a nuisance or injure the reputation of the Building/s. Tenant shall not use burning fluid, camphine, alcohol, kerosene, or anything else in order to light or heat the Premises except steam, gas or electricity. Tenant shall not bring into the Premises or keep therein any heating or lighting apparatus other than that provided by Landlord; or install any air conditioning or air cooling apparatus without the written consent of Landlord; or in any way injure, modify, or tamper with any of such apparatus in any manner or in any manner in violation of the regulations of the Fire Department, or with any insurance policy upon said Building/s or any part thereof. Tenant shall not do or permit to be done in the Premises any activity in conflict with any of the laws, rules or regulations of any governmental agency or municipality having jurisdiction, or use the Premises for an illegal or immoral purpose. No beer, wine or intoxicating liquor shall be sold on or about the Premises without the written consent of Landlord in each instance.
7. **PASSAGEWAYS.** The sidewalk, passages, lobbies, corridors, elevators and stairways shall not be obstructed by Tenant; or used except for ingress and egress from and to the Premises. The doors, skylights, windows and transoms that reflect or admit light into passageways or into any place in said Building/s, shall not be covered or obstructed by Tenant.
8. **WATER CLOSETS.** The water closets and other apparatus shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags or other substances shall be thrown therein. Any damage resulting to them from misuse shall be borne by the tenant who shall cause it.

9. NO DEFACING OR OFFENSIVE BUSINESS. Tenant and its employees and guests are not to injure or deface the Building/s nor the woodwork, not the walls of the Premises, nor to carry on upon the premises any noisome, noxious, noisy or offensive business nor conduct an auction therein, nor interfere in any way with other tenants or those having business with them.
10. NO LODGING. No room or rooms on or about the Premises shall be occupied or used as sleeping or lodging apartments.
11. LOCK ALL DOORS. Tenant shall, when leaving Premises at close of business, or unoccupied at any time, lock all doors and windows and for any default or carelessness in this respect shall make good all injury sustained by other tenants and by Landlord or by either of them, for damages resulting from such default or carelessness.
12. NO ANIMALS. No animal or bird shall be allowed in any part of the Premises or Building/s without the consent of Landlord.
13. NO ACCUMULATION OF RUBBISH. Tenant shall not accumulate or store on or about the Premises any waste paper, discarded records, paper files, sweepings, rags, rubbish or other combustible matter other than the normal accumulation needed to conduct the Permitted Use of the Premises. Nothing shall be thrown by Tenant, its employees or guests, out of the windows or doors or down the passages or skylights or over balcony rails of the Building/s or in the parking areas.
14. EXCLUSION OF PEACE DISTURBERS. Landlord reserves the right to exclude from the Premises or Building/s all drunken persons, idlers, diseased persons, peddlers, solicitors, persons of a general character or conduct so as to create a disturbance, and persons entering in crowds or in such unusual numbers as to cause inconvenience to tenants of the Building/s.
15. CHANGES TO RULES. Landlord reserves the right to change these rules and to make such other and further reasonable rules and regulations either as it affects one or all tenants as in its judgment may from time to time be needed for the safety, care and cleanliness of the Center, for the preservation of good order therein or for any other cause so long as the rule changes do not interfere with Tenants' permitted use. When such changes are made such modified or new rules shall be deemed a part hereof with the same effect as if written herein, when a copy shall have been delivered to Tenant or left with some person in charge of the Premises.
16. NO LIVE CHRISTMAS TREES. No live or fresh cut Christmas Trees are permitted on or about the Premises.
17. NO PICNICS. No outside picnics or barbecues are permitted without the prior written consent of Landlord.
18. NO OUTSIDE STORAGE. No outside storage of any material is permitted.

CORPORATE BUSINESS CENTER

[FLOOR PLAN]

BUILDING 5

PHASE III
10390 ENTERPRISE DRIVE
11,518 SQ. FT.
FOR LEASE

- - 11,518 SQ. FT. BUILDING
- - 735 SQ. FT. OFFICE W/ 2 BATHROOMS AND COFFEE BAR
- - (2) 12' X 14' GROUND LEVEL DOORS
- - 14' TO 16' CLEAR HEIGHT
- - 400 AMPS (EXPANDABLE)
- - .33/3,000 GPM
- - 44' X 34' COLUMN SPACING
- - 3.9% SKYLIGHT
- - 31 PARKING SPACES
- - 1:372 PARKING RATIO
- - 5" RE-ENFORCED CONCRETE FLOOR

CONTACT

[LOGO] SANDY MILLER ON-SITE LEASING AGENT
(714) 796-0183
25884 Business Center Drive, Suite A,
Redlands, California 92374

CORPORATE BUSINESS CENTER

[MAP]

[MAP]

CORPORATE BUSINESS CENTER IS CONVENIENTLY LOCATED NEXT TO THE
I-10 FREEWAY IN LOMA LINDA, AT THE MT. VIEW/BRYN MAWR EXIT, WITH
IMMEDIATE FREEWAY ON-AND-OFF ACCESS

Another project of:
GENERAL AMERICAN
LIFE INSURANCE COMPANY

EXHIBIT "C"

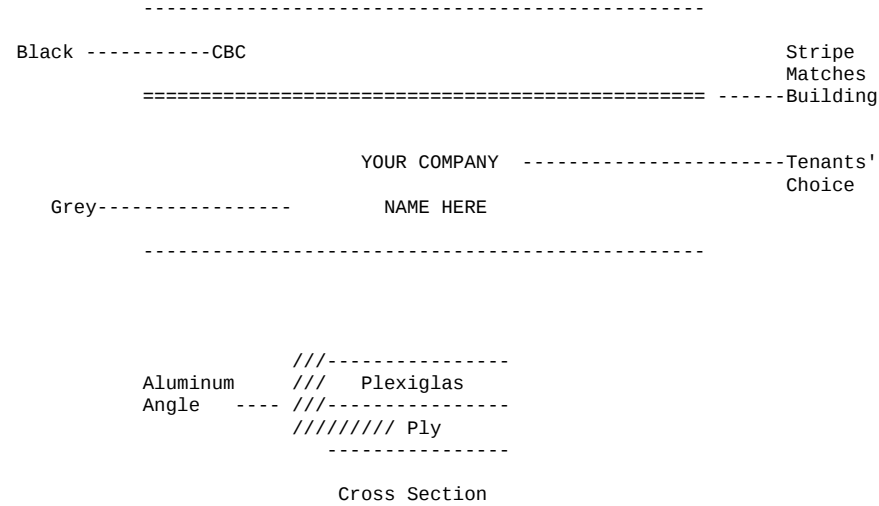
LANDLORDS' IMPROVEMENTS TO THE PREMISES

TO BE DETERMINED

EXHIBIT "D"

PERMITTED TENANT WINDOW SIGNAGE

The C B C tenant identification sign is 18" x 36" and is constructed of plywood and plexiglas and aluminum edging as illustrated. The edging and back of sign is BLACK; the plexiglas background is LIGHT GREY; the C B C logo copy is BLACK; the separating stripe is the color of the stripe actually on the building the premises is located in; the identification copy may be whatever color the tenant chooses.



[LETTERHEAD]

June 6, 1994

Jackie Goldman
Stericycle
1419 Lake Cook Road, Suite 410
Deerfield, IL 60015

RE: Rent Increase
10390 Enterprise Drive
Redlands, CA 92374

Dear Jackie:

Per the terms of the Lease Agreement dated October 1, 1991 for the above referenced premises, there is a base rent increase effective July 1, 1994. The new amount of base rent is \$9,350.00.

Please start paying the new base rent amount of \$9,350.00 plus cams of \$1,016.00 for a total of \$10,366.00 with the July 1, 1994 rental payment.

Should you have any questions, please give me a call.

Sincerely,

(Signature)

Sandy L. Miller
Asset Manager

BASIC LEASE INFORMATION

LEASE DATE: February 25, 1992

TENANT: Stericycle, Inc.

TENANT'S ADDRESS: 1345 Doolittle Drive, Unit C
San Leandro, California

LANDLORD: EML Associates, a New York General Partnership

LANDLORD'S ADDRESS: c/o Equitable Real Estate Investment Management, Inc.
One Bush Street, Suite 1200
San Francisco, California 94104

Project: Doolittle Industrial Center

Description: That one building complex totalling approximately
326,414 square feet commonly known as
Doolittle Industrial Center, San Leandro, California.

Building Description: That approximately 326,414 square foot building located
on Doolittle Drive in San Leandro, California.

Premises: That approximately 22,500 square feet of rentable area
known as 1345 Doolittle Drive, Unit C, San Leandro,
California. The demised premises is shown outlined in
red on Exhibit A.

Permitted Use: The recycling of plastic and fibrous medical wastes
material in accordance with all local, state and federal
rules and regulations. There shall be no recycling of
chemical, hazardous or pathological materials.

Parking Density: 1 space per 1,000 square feet of rented space

Estimated Term Commencement Date: May 1, 1992

Length of Term: One hundred twenty-seven (127) months. See Paragraph 3.

Rent:

Base Rent	\$ See Paragraph 39	per month

Estimated First Year Basic Operating Cost	\$ 397.79	per month

Security Deposit: \$7,000.00

Tenant's Proportionate Share:

Of Building: 6.89%

Of Project: 6.89%

Broker: John Swickard
John Swickard Industrial Properties
111 San Leandro Boulevard
San Leandro, California 94577

The foregoing Basic Lease Information is incorporated into and made a part
of this Lease. Each reference in this Lease to any of the Basic Lease
Information shall mean the respective information above and shall be
construed to incorporate all of the terms provided under the particular Lease
paragraph pertaining to such information. In the event of any conflict
between the Basic Lease Information and the Lease, the latter shall control.

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Exhibits:

Exhibit A.....	Site Plan, Legal Description
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LEASE

THIS LEASE is made as of this 25th day of February, 1992, by and between EML Associates, a New York General Partnership (hereinafter called "Landlord") and Stericycle, Inc. (hereinafter called "Tenant").

PREMISES

1. Landlord leases to Tenant and Tenant leases from Landlord, upon the terms and conditions hereinafter set forth, those premises (the "Premises") outlined in red on Exhibit A and described in the Basic Lease Information. The Premises may be all or part of the building (the "Building") or of the project (the "Project") which may consist of more than one building. The Building and Project are outlined in blue and green respectively on Exhibit A.

POSSESSION AND LEASE COMMENCEMENT

2. B. CONSTRUCTION OF IMPROVEMENTS. In the event this Lease pertains to a Building to be constructed or improvements to be constructed within a Building, the provisions of this Paragraph 2.B. shall apply in lieu of the provisions of Paragraph 2.A. above and the term commencement date ("Term Commencement Date") shall be the earlier of the date on which: (1) Tenant takes possession of some or all of the Premises, or (2) the improvements constructed or to be constructed in the Premises shall have been substantially completed in accordance with the plans and specifications described on Exhibit B, whether or not substantial completion of the Building itself shall have occurred. Landlord shall provide Tenant with notification of the date on which the Improvements shall be substantially completed no less than two weeks prior to the substantial completion of the Improvements. If for any reason Landlord cannot deliver possession of the Premises to Tenant on the Estimated Term Commencement Date, Landlord shall not be subject to any liability therefor, nor shall Landlord be in default hereunder. In the event of any dispute as to substantial completion of work performed or required to be performed by Landlord, the certificate of Landlord's architect or general contractor shall be conclusive. Substantial completion shall have occurred notwithstanding Tenant's submission of a checklist to Landlord, which Tenant shall submit, if at all, within forty (40) days after the Term Commencement Date. Tenant shall, upon demand, execute and deliver to Landlord a letter of acceptance of delivery of the Premises.

See Addendum 1

TERM

3. The Term of this Lease shall commence on the Term Commencement Date and continue in full force and effect for the number of months specified as the Length of Term in the Basic Lease Information or until this Lease is terminated as otherwise provided herein. If the Term Commencement Date is a date other than the first day of the calendar month, the Term shall be the number of months of the Length of Term in addition to the remainder of the calendar month following the Term Commencement Date.

4. A. GENERAL. Tenant shall use the Premises for the Permitted Use and for no other use or purpose. Tenant shall control Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees and subtenants (collectively, "Tenant's Parties") in such a manner that Tenant and Tenant's Parties cumulatively do not exceed the Parking Density at any time. Tenant and Tenant's Parties shall have the nonexclusive right to use, in common with other parties occupying the Building or Project, the parking areas and driveways of the Project, subject to such rules and regulations as Landlord may from time to time prescribe.

B. LIMITATIONS. Tenant shall not permit any odors, smoke, dust, gas, substances, noise or vibrations to emanate from the Premises, nor take any action which would constitute a nuisance or would disturb, obstruct or endanger any other tenants of the Building or Project in which the Premises are situated or interfere with their use of their respective premises. Storage outside the Premises of materials, vehicles (except Tenant's vehicles parked directly in front of Premise's dock door which in no way shall block traffic flow through the Project) or any other items is prohibited. Tenant shall not use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause or maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer the commission of any waste in, on or about the Premises. Tenant shall not allow any sale by auction upon the Premises, or place any loads upon the floors, walls or ceilings which endanger the structure, or place any harmful liquids in the drainage system of the Building or Project. No waste, materials or refuse shall be dumped upon or permitted to remain outside the Premises except in trash containers placed inside exterior enclosures designated for that purpose by Landlord. Landlord shall not be responsible to Tenant for the non-compliance by any other tenant or occupant of the Building or Project with any of the above-referenced rules or any other terms or provisions of such tenant's or occupant's lease or other contract.

C. COMPLIANCE WITH REGULATIONS. By entering the Premises, Tenant accepts the Premises in the condition existing as of the date of such entry, subject to all existing or future applicable municipal, state and federal and other governmental statutes, regulations, laws and ordinances, including zoning ordinances and regulations governing and relating to the use, occupancy and possession of the Premises and the use, storage, generation and disposal of Hazardous Materials (hereinafter defined) in, on and under the Premises (collectively "Regulations"). Except for pre-existing violations, both known and unknown, Tenant shall, at Tenant's sole expense, strictly comply with all Regulations now in force or which may hereafter be in force relating to the Premises and the use of the Premises and/or the use, storage, generation of Hazardous Materials in, on and under the Premises. Tenant shall

at its sole cost and expense obtain any and all licenses or permits necessary for Tenant's use of the Premises. Tenant shall promptly comply with the requirements of any board of fire underwriters or other similar body now or hereafter constituted. Tenant shall not do or permit anything to be done in, on, or about the Premises or bring or keep anything which will in any way increase the rate of any insurance upon the Premises, Building or Project, or upon any contents therein or cause a cancellation of said insurance or otherwise affect said insurance in any manner. Tenant shall indemnify, defend, protect and hold Landlord harmless from and against any loss, cost, expense, damage, attorneys' fees or liability arising out of the failure of Tenant to comply with any applicable law or comply with the requirements as set forth herein.

D. HAZARDOUS WASTES. Tenant shall not cause, or allow any of Tenant's Parties to cause, any Hazardous Materials to be used, generated, stored or disposed of on or about the Premises, the Building or the Project. As used in this Lease, "Hazardous Materials" shall include, but not be limited to, hazardous, toxic and radioactive materials and those substances defined as "hazardous substances," "hazardous materials," "hazardous wastes," "toxic substances," or other similar designations in any federal, state, or local law, regulation, or ordinance. Landlord shall have the right at all reasonable times to inspect the Premises and to conduct tests and investigations to determine whether Tenant is in compliance with the foregoing provisions, the costs of all such inspections, test, and investigations to be borne by Tenant. Tenant shall indemnify, defend, protect and hold Landlord harmless from and against all liabilities, losses, costs and expenses, demands, causes of action, claims or judgments directly or indirectly arising out of the use, generation, storage or disposal of Hazardous Materials by Tenant or any of Tenant's Parties, which indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation of any closure or other required plans, whether such action is required or necessary prior to or following the termination of this Lease. Neither the written consent by Landlord to the use, generation, storage or disposal of Hazardous Materials nor the strict compliance by Tenant with all laws pertaining to Hazardous Materials shall excuse Tenant from Tenant's obligation of indemnification pursuant to this Paragraph 4.D. Tenant's obligations pursuant to the foregoing indemnity shall survive the termination of this Lease.

RULES AND REGULATIONS

5. Tenant shall faithfully observe and comply with any rules and regulations Landlord may from time to time prescribe in writing for the purpose of maintaining the proper care, cleanliness, safety, traffic flow and general order of the Premises or Project. Tenant shall cause Tenant's Parties to comply with such rules and regulations. Landlord shall not be responsible to Tenant for the non-compliance by any other tenant or occupant of the Building or Project with any of the rules and regulations.

RENT

6. A. BASE RENT. Tenant shall pay to Landlord, without demand throughout the Term, Base Rent as specified in the Basic Lease Information, payable in monthly installments in advance on or before the first day of each calendar month, in lawful money of the United States, without deduction or offset whatsoever, at the address specified in the Basic Lease Information or to such other place as Landlord may from time to time designate in writing. Base Rent for the first full month of the Term shall be paid by Tenant upon Tenant's execution of this Lease. If the obligation for payment of Base Rent commences on other than the first day of a month, then Base Rent shall be prorated and the prorated installment shall be paid on the first day of the calendar month next succeeding the Term Commencement Date.

B. ADDITIONAL RENT. All monies other than Base Rent required to be paid by Tenant hereunder, including, but not limited to, the interest and late charge described in Paragraph 26.D., any monies spent by Landlord pursuant to Paragraph 30, and Tenant's Proportionate Share of Basic Operating Cost, as specified in Paragraph 7 of this Lease, shall be considered additional rent ("Additional Rent"). "Rent" shall mean Base Rent and Additional Rent.

BASIC OPERATING COST

7. A. BASIC OPERATING COST. In addition to the Base Rent required to be paid hereunder, Tenant shall pay as Additional Rent, Tenant's Proportionate Share, as defined in the Basic Lease Information, of Basic Operating Cost in the manner set forth below. Landlord shall account for each item of Basic Operating Cost as either a cost attributable to the Building or to the Project, as determined by Landlord in Landlord's sole discretion, and unless provided to the contrary in this Lease, Tenant shall pay the applicable Tenant's Proportionate Share of each such Basic Operating Cost, as set forth in the Basic Lease information. Basic Operating Cost shall mean all reasonable expenses and costs of every kind and nature which Landlord shall pay or become obligated to pay, because of or in connection with the management, maintenance, preservation and operation of the Project and its supporting facilities (determined in accordance with generally accepted accounting principles, consistently applied) including but not limited to the following:

(1) TAXES. All real property taxes, possessory interest taxes, business or license taxes or fees, service payments in lieu of such taxes or fees, annual or periodic license or use fees, excises, transit charges, housing fund assessments, open space charges, assessments, levies, fees or charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, or any kind (including fee "in-lieu" of any such tax or assessment) which are assessed, levied, charged, confirmed, or imposed by any public authority upon the Project, its operations or the Rent (or any portion or component thereof)(all of the foregoing being hereinafter collectively

referred to as "real property taxes"), or any tax imposed in substitution, partially or totally, of any tax previously included within the definition of real property taxes, or any additional tax the nature of which was previously included within the definition of real property taxes, except (a) inheritance or estate taxes imposed upon or assessed against the Project, or any part thereof or interest therein, and (b) taxes computed upon the basis of net income of Landlord or the owner of any interest therein, except as otherwise provided in the following sentence. Basic Operating Cost shall also include any taxes, assessments, or any other fees imposed by any public authority upon or measured by the monthly rental or other charges payable hereunder, including, without limitation, any gross income tax or excise tax levied by the local governmental authority in which the Project is located, the federal government, or any other governmental body with respect to receipt of such rental, or upon, with respect to or by reason of the development, possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion thereof, or upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.

(2) **INSURANCE.** All insurance premiums and costs, including but not limited to, any deductible amounts, premiums and cost of insurance incurred by Landlord, as more fully set forth in Paragraph 8.A. herein.

(3) **REPAIRS AND IMPROVEMENTS.** Repairs, replacements and general maintenance for the Premises, Building and Project (except for those repairs expressly made the financial responsibility of Landlord pursuant to the terms of this Lease, repairs to the extent paid for by proceeds of insurance or by Tenant or other third parties, and alterations attributable solely to tenants of the Project other than Tenant). Such repairs, replacements, and general maintenance shall include the reasonable cost of any capital improvements made to or capital assets acquired for the Project, Building, or Premises after the Term Commencement Date that reduce any other Basic Operating Cost, are reasonably necessary for the health and safety of the occupants of the Project, or are made to the Building by Landlord after the date of this Lease and are required under any governmental law or regulation, such costs or allocable portions thereof to be amortized over such reasonable period as Landlord shall reasonably determine, together with interest on the unamortized balance at the "prime rate" charged at the time such improvements or capital assets are constructed or acquired by Wells Fargo Bank, N.A. (San Francisco), plus two (2) percentage points, but in no event more than the maximum rate permitted by law.

(4) **SERVICES.** All reasonable expenses relating to maintenance, janitorial and service agreements and services, and costs of supplies and equipment used in maintaining the Premises, Building and Project and the equipment therein and the adjacent sidewalks, driveways, parking and service areas, including, without limitation, alarm service, window cleaning, elevator maintenance, Building exterior maintenance and landscaping.

(5) **UTILITIES.** Utilities which benefit all or a portion of the Premises, Building or Project.

(6) **MANAGEMENT FEE.** A management and accounting cost recovery fee equal to ten percent (10%) of the Basic Operating Cost.

(7) **LEGAL AND ACCOUNTING.** Legal and accounting expenses relating to the Project, including the cost of audits by certified public accountants.

In the event that the Building is not fully occupied during the fiscal year of the Term as determined by Landlord, an adjustment shall be made in computing the Basic Operating Cost for such year so that Tenant pays an equitable portion of all variable items of Basic Operating Cost, as reasonably determined by Landlord; provided, however, that in no event shall Landlord be entitled to collect in excess of one hundred percent (100%) of the total Basic Operating Cost from all of the tenants in the Building including Tenant.

Basic Operating Cost shall not include specific costs incurred for the account of, separately billed to and paid by specific tenants. Notwithstanding anything herein to the contrary, in any instance wherein Landlord, in Landlord's sole discretion, deems Tenant to be responsible for any amounts greater than Tenant's Proportionate Share, Landlord shall have the right to allocate costs in any manner Landlord deems appropriate. In no event will Tenant pay for more than its reasonable pro-rata share of Basic Operating Costs.

B. PAYMENT OF ESTIMATED BASIC OPERATING COST. "Estimated Basic Operating Cost" for any particular year shall mean Landlord's estimate of the Basic Operating Cost for such fiscal year made prior to commencement of such fiscal year as hereinafter provided. Landlord shall have the right from time to time to revise its fiscal year and interim accounting periods so long as the periods as so revised are reconciled with prior periods in accordance with generally accepted accounting principles applied in a consistent manner. During the last month of each fiscal year during the Term, or as soon thereafter as practicable, Landlord shall give Tenant written notice of the Estimated Basic Operating Cost for the ensuing fiscal year. Tenant shall pay Tenant's Proportionate Share of the Estimated Basic Operating Cost with installments of Base Rent for the fiscal year to which the Estimated Basic Operating Cost applies in monthly installments on the first day of each calendar month during such year, in advance. If at any time during the course of the fiscal year, Landlord determines that Basic Operating Cost is projected to vary from the then Estimated Basic Operating Cost by more than ten percent (10%), Landlord may, by written notice to Tenant, revise the Estimated Basic Operating Cost for the balance of such fiscal year, and Tenant's monthly installments for the remainder of such year shall be adjusted so that by the end of such fiscal year Tenant has paid to Landlord Tenant's Proportionate Share of the revised Estimated Basic Operating Cost for such year.

C. COMPUTATION OF BASIC OPERATING COST ADJUSTMENT. "Basic Operating Cost Adjustment" shall mean the difference between Estimated Basic Operating Cost and Basic Operating Cost for any fiscal year determined as hereinafter provided. Within one hundred twenty (120) days after the end of each fiscal year, as determined by Landlord, or as soon thereafter as practicable, Landlord shall deliver to Tenant a statement of Basic Operating Cost for the fiscal year just ended, accompanied by a computation of Basic Operating Cost Adjustment. If such statement shows that Tenant's payment based upon Estimated Basic Operating Cost is less than Tenant's Proportionate Share of Basic Operating Cost, then Tenant shall pay to Landlord the difference within twenty (20) days after receipt of such statement. If such statement shows that Tenant's payments of Estimated Basic Operating Cost exceed Tenant's Proportionate Share of Basic Operating Cost, then (provided that Tenant is not in default under this Lease) Landlord shall pay to Tenant the difference within twenty (20) days after delivery of such statement to Tenant. If this Lease has been terminated or the Term hereof has expired prior to the date of such statement, then the Basic Operating Cost Adjustment shall be paid by the

appropriate party within twenty (20) days after the date of delivery of the statement. Should this Lease commence or terminate at any time other than the first day of the fiscal year, Tenant's Proportionate Share of Basic Operating Cost adjustment shall be prorated by reference to the exact number of calendar days during such fiscal year that this Lease is in effect.

D. BASIC OPERATING COST. Notwithstanding anything to the contrary in this Lease, Tenant's obligation to pay Tenant's Proportionate Share of Taxes and Insurance shall be as follows:

- BASIC OPERATING COST. Tenant shall not be obligated to pay Tenant's Proportionate Share of Taxes and Insurance until after the first year of Lease ending one (1) year from the Term Commencement Date.
- BASIC OPERATING COST EXPENSE STOP. Beginning in the second year of Lease and throughout the Term thereafter, Tenant shall pay Tenant's Proportionate Share of Taxes and Insurance to the extent that such amount exceeds \$701.37 per month which includes \$629.48 for taxes, and \$71.89 for insurance.

E. TENANT AUDIT. In the event that Tenant shall dispute the amount set forth in any statement provided by Landlord under Paragraph 7.B. or 7.C. above, Tenant shall have the right, not later than thirty (30) days following the receipt of such statement and upon the condition that Tenant shall first deposit with Landlord the full amount in dispute, to cause Landlord's books and records with respect to Basic Operating Cost for such fiscal year to be audited by certified public accountants selected by Tenant and subject to Landlord's reasonable right of approval. The Basic Operating Cost Adjustment shall be appropriately adjusted on the basis of such audit. If such audit discloses a liability for a refund in excess of seven and a half percent (7 1/2%) of Tenant's Proportionate Share of the Basic Operating Cost Adjustment previously reported, the cost of such audit shall be borne by Landlord; otherwise the cost of such audit shall be paid by Tenant. If Tenant shall not request an audit in accordance with the provisions of the Paragraph 7.E. within twenty (20) days after receipt of Landlord's statement provided pursuant to Paragraph 7.B. or 7.C., such statement shall be final and binding for all purposes hereof.

INSURANCE AND INDEMNIFICATION

8. A. LANDLORD'S INSURANCE. Landlord agrees to maintain insurance insuring the Building against fire, lightning, vandalism and malicious mischief (including, if Landlord elects, "All Risk" coverage, earthquake, and/or flood insurance), in an amount not less than eighty percent (80%) of the replacement cost thereof, with deductibles and the form and endorsements of such coverage as selected by Landlord. Such insurance may also include, at Landlord's option, insurance against loss of Base Rent and Additional Rent, in an amount of Base Rent and Additional Rent payable by Tenant for a period of at least twelve (12) months commencing on the date of loss. Such insurance shall be for the sole benefit of Landlord and under Landlord's sole control. Landlord shall not be obligated to insure any furniture, equipment, machinery, goods or supplies which Tenant may keep or maintain in the Premises, or any leasehold improvements, additions or alterations within the Premises. Landlord may also carry such other insurance as Landlord may deem prudent or advisable, including, without limitation, liability insurance in such amounts and on such terms as Landlord shall determine.

B. TENANT'S INSURANCE.

(1) PROPERTY INSURANCE. Tenant shall procure at Tenant's sole cost and expense and keep in effect from the date of this Lease and at all times until the end of the Term, insurance on all personal property and fixtures of Tenant and all improvements made by or for Tenant to the Premises, insuring such property for the full replacement value of such property.

(2) LIABILITY INSURANCE. Tenant shall procure at Tenant's sole cost and expense and keep in effect from the date of this Lease and at all times until the end of the Term either Comprehensive General Liability insurance or Commercial General Liability insurance applying to the use and occupancy of the Premises and the Building, and any part of either, and any areas adjacent thereto, and the business operated by Tenant, or by any other occupant on the Premises. Such insurance shall include Broad Form Contractual Liability insurance coverage insuring all of Tenant's indemnity obligations under this Lease. Such coverage shall have a minimum combined single limit of liability of at least One Million Dollars (\$1,000,000.00), and a general aggregate limit of One Million Dollars (\$1,000,000.00). All such policies shall be written to apply to all bodily injury, property damage or loss, personal injury and other covered loss, however occasioned, occurring during the policy term, shall be endorsed to add Landlord and any party holding an interest to which this Lease may be subordinated as an additional insured, and shall provide that such coverage shall be primary and that any insurance maintained by Landlord shall be excess insurance only. Such coverage shall also contain endorsements: (i) deleting any employee exclusion on personal injury coverage; (ii) including employees as additional insureds; (iii) deleting any liquor liability exclusion; and (iv) providing for coverage of employer's automobile non-ownership liability. All such insurance shall provide for severability of interests; shall provide that an act or omission of one of the named insureds shall not reduce or avoid coverage to the other named insureds; and shall afford coverage for all claims based on acts, omissions, injury and damage, which claims occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period. Said coverage shall be written on an "occurrence" basis or at Tenant's option a "claims made" basis provided tenant will maintain a retroactive date back to the inception of this Lease, or will take such other action that will provide uninterrupted coverage.

(3) GENERAL INSURANCE REQUIREMENTS. All coverages described in this Paragraph 8.B. shall be endorsed to provide Landlord with thirty (30) days' notice of cancellation or change in terms. If at any time during the Term the amount or coverage of insurance which Tenant is required to carry under this Paragraph 8.B. is, in Landlord's reasonable judgment, materially less than the amount or type of insurance coverage reasonably and customarily carried by owners or tenants of properties located in the general area in which the Premises are located which are similar to and operated for similar purposes as the Premises, Landlord shall have the right to require Tenant to increase the amount or change the types of insurance coverage required under this Paragraph 8.B. All insurance policies required to be carried under this Lease shall be written by companies rated A + XII or better in "Best's Insurance Guide" and authorized to do business in California. Any deductible amounts under any insurance policies required hereunder shall be subject to Landlord's prior written approval. In any event deductible amounts shall not exceed Ten Thousand Dollars (\$10,000.00). Tenant shall deliver to Landlord on or before the Term Commencement Date, and thereafter at least thirty (30) days before the expiration dates of the expiring policies, certified copies of Tenant's insurance policies, or a certificate evidencing the same issued by the insurer thereunder, showing that all premiums have been paid for the full policy period; and, in the event Tenant shall fail to procure such

insurance, or to deliver such policies or certificates, Landlord may, at Landlord's option and in addition to Landlord's other remedies in the event of a default by Tenant hereunder, procure the same for the account of Tenant, and the cost thereof shall be paid to Landlord as Additional Rent.

C. INDEMNIFICATION. Landlord shall not be liable to Tenant for any loss or damage to person or property caused by theft, fire, acts of God, acts of a public enemy, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority or for any damage or inconvenience which may arise through repair or alteration of any part of the Building or Project or failure to make any such repair, unless caused by Landlord's willful negligence, except as expressly otherwise provided in Paragraph 10. Tenant shall indemnify, defend by counsel acceptable to Landlord, protect and hold Landlord harmless from

and against any and all liabilities, losses, costs, damages, injuries or expenses, including reasonable attorneys' fees and court costs, arising out of or related to: (1) claims of injury to or death of persons or damage to property occurring or resulting directly or indirectly from the use or occupancy of the Premises, or from activities of Tenant, Tenant's Parties or anyone in or about the Premises or Project, or from any cause whatsoever; (2) claims for work or labor performed, or for materials or supplies furnished to or at the request of Tenant in connection with performance of any work done for the account of Tenant within the Premises or Project; and (3) claims arising from any breach or default on the part of Tenant in the performance of any covenant contained in this Lease. The foregoing indemnity shall not be applicable to claims arising from the active negligence or willful misconduct of Landlord. The provisions of this Paragraph shall survive the expiration or termination of this Lease with respect to any claims or liability occurring prior to such expiration or termination.

WAIVER OF SUBROGATION

9. To the extent permitted by law and without effecting the coverage provided by insurance to be maintained hereunder, Landlord and Tenant each waive any right to recover against the other for: (a) damages for injury to or death of persons; (b) damages to property; (c) damages to the Premises or any part thereof; and (d) claims arising by reason of the foregoing due to hazards covered by insurance to the extent of proceeds recovered therefrom. This provision is intended to waive fully, and for the benefit of each party, any rights and/or claims which might give rise to a right of subrogation in favor of any insurance carrier. The coverage obtained by each party pursuant to this Lease shall include, without limitation, a waiver of subrogation by the carrier which conforms to the provisions of this paragraph.

LANDLORD'S REPAIRS AND SERVICES

10. Landlord shall at Landlord's expense maintain the structural soundness of the structural beams of the roof, foundations and exterior walls of the Building in good repair, reasonable wear and tear excepted. The term "exterior walls" as used herein shall not include windows, glass or plate glass, doors, special store fronts or office entries. Landlord shall perform on behalf of Tenant and other tenants of the Project, as an item of Basic Operating Cost, the maintenance of the Building, Project, and public and common areas of the Project, including but not limited to the roof, pest extermination, the landscaped areas, parking areas, driveways, the truck staging areas, rail spur areas, fire sprinkler systems, sanitary and storm sewer lines, utility services, electric and telephone equipment servicing the Building(s), exterior lighting, and anything which affects the operation and exterior appearance of the Project, which determination shall be at Landlord's sole discretion. Except for the expenses directly involving the items specifically described in the first sentence of this Paragraph 10, Tenant shall reimburse Landlord for all such reasonable costs in accordance with Paragraph 7. If Tenant's Proportionate Share of the cost of replacing items of Basic Operating Cost exceeds \$2,500, then Tenant shall reimburse Landlord per a schedule that amortizes the cost at ten percent (10%) annually over the life of the item. Any damage caused by or repairs necessitated by any act of Tenant may be repaired by Landlord at Landlord's option and at Tenant's expense. Tenant shall immediately give Landlord written notice of any defect or need of repairs after which Landlord shall have a reasonable opportunity to repair same. Landlord's liability with respect to any defects, repairs, or maintenance for which Landlord is responsible under any of the provisions of this Lease shall be limited to the cost of such repairs or maintenance.

TENANT'S REPAIRS

11. Tenant shall at Tenant's expense maintain all parts of the Premises in a good clean and secure condition and promptly make all necessary repairs and replacements, including but not limited to all windows, glass, doors, walls and wall finishes, floor covering, heating, ventilating and air conditioning systems, truck doors, dock bumpers, dock plates and levelers, plumbing work and fixtures, downspouts, electrical and lighting systems, and fire sprinklers. Tenant shall at Tenant's expense also perform regular removal of trash and debris. If required by the railroad company, Tenant agrees to sign a joint maintenance agreement governing the use of the rail spur, if any. Tenant shall, at Tenant's own expense, enter into a regularly scheduled preventive maintenance/service contract with a maintenance contractor for servicing all hot water, heating and air conditioning systems and equipment within or serving the Premises. The maintenance contractor and the contract must be approved by Landlord. The service contract must include all services suggested by the equipment manufacturer within the operation/maintenance manual and must become effective and a copy thereof delivered to Landlord within thirty (30) days after the Term Commencement Date. Tenant shall not damage any demising wall or disturb the integrity and support provided by any demising wall and shall, at its sole expense, immediately repair any damage to any demising wall caused by Tenant or Tenant's Parties.

ALTERATIONS

12. Tenant shall not make, or allow to be made, any alterations or physical additions in, about or to the Premises without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld with respect to proposed alterations and additions which: (a) comply with all applicable laws, ordinances, rules and regulations; (b) are in Landlord's opinion compatible with the Project and its mechanical, plumbing, electrical, heating/ventilation/air conditioning systems; and (c) will not interfere with the use and occupancy of any other portion of the Building or Project by any other tenant or its invitees. Specifically, but without limiting the generality of the foregoing, Landlord shall have the right of written consent for all plans and specifications for the proposed alterations or additions, construction means and methods, all appropriate permits and licenses, any

contractor or subcontractor to be employed on the work of alteration or additions, and the time for performance of such work. Tenant shall also supply to Landlord any documents and information reasonably requested by Landlord in connection with Landlord's consideration of a request for approval hereunder. Tenant shall reimburse Landlord for all costs which Landlord may incur in connection with granting approval to Tenant for any such alterations and additions, including any costs or expenses which Landlord may incur in electing to have outside architects and engineers review said plans and specifications. All such alterations, physical additions or improvements shall remain the property of Tenant until termination of this Lease, at which time they shall be and become the property of Landlord if Landlord so elects; provided, however, that Landlord may, at Landlord's option, require that Tenant, at Tenant's expense, remove any or all alterations, additions, improvements and partitions made by Tenant and restore the Premises by the termination of this Lease, whether by lapse of time, or otherwise, to their condition existing prior to the construction of any such alterations, additions, partitions or leasehold improvements. Landlord shall notify Tenant, upon Tenant's request, upon submission to Landlord by Tenant of such plans and specifications for the proposed alterations, whether or not Tenant shall be required to perform such removals or restoration. All such removals and restoration shall be accomplished in a good and workmanlike manner so as not to cause any damage to the Premises or Project whatsoever. If Tenant fails to so remove such alterations, additions, improvements and partitions or Tenant's trade fixtures or furniture, Landlord may keep and use them or remove any of them and cause them to be stored or sold in accordance with applicable law, at Tenant's sole expense. In addition to and wholly apart from Tenant's obligation to pay Tenant's Proportionate Share of Basic Operating Cost, Tenant shall be responsible for and shall pay prior to delinquency any taxes or governmental service fees, possessory interest taxes, fees or charges in lieu of any such taxes, capital levies, or other charges imposed upon, levied with respect to or assessed against its personal property, on the value of the alterations, additions or improvements within the Premises, and on Tenant's

interest pursuant to this Lease. To the extent that any such taxes are not separately assessed or billed to Tenant. Tenant shall pay the amount thereof as invoiced to Tenant by Landlord.

SIGNS

13. All signs, notices and graphics of every kind or character, visible in or from public view or corridors, the common areas or the exterior of the Premises, shall be subject to Landlord's prior written approval. Tenant shall not place or maintain any banners whatsoever or any window decor in or on any exterior window or window fronting upon any common areas or service area or upon any truck doors or man doors without Landlord's prior written approval. Any installation of signs or graphics on or about the Premises and Project shall be subject to any applicable governmental laws, ordinances, regulations and to any other requirements imposed by Landlord. Tenant shall remove all such signs and graphics prior to the termination of this Lease. Such installations and removals shall be made in such manner as to avoid injury or defacement of the Premises, Building, or Project and any other improvements contained therein and tenant shall repair any injury or defacement, including without limitation, discoloration caused by such installation or removal.

INSPECTION / POSTING NOTICES

14. After reasonable notice, except in emergencies where no such notice shall be required, Landlord and Landlord's agents and representatives, shall have the right to enter the Premises to inspect the same, to clean, to perform such work as may be permitted or required hereunder, to make repairs or alterations to the Premises or Project or to other tenant spaces therein, to deal with emergencies, to post such notices as may be permitted or required by law to prevent the perfection of liens against Landlord's interest in the Project or to exhibit the Premises to prospective tenants, purchasers, encumbrancers, or others, or for any other purpose as Landlord may deem necessary or desirable: provided, however, that Landlord shall use reasonable efforts not to unreasonably interfere with Tenant's business operations. Tenant shall not be entitled to any abatement of Rent by reason of the exercise of any such right of entry. At any time within six (6) months prior to the end of the Term, Landlord shall have the right to erect on the Premises and or Project a suitable sign indicating that the Premises are available for lease. Tenant shall give written notice to Landlord for a joint inspection of the Premises at the of vacating. In event of Tenant's failure to give such notice or participate in such joint inspection at or after Tenant's vacating the Premises shall conclusively be deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

UTILITIES

15. Tenant shall pay directly for all water, gas, heat, air conditioning, light, power, telephone, sewer, sprinkler charges and other utilities and services used on or from the Premises, together with any taxes, penalties, surcharges or the like pertaining thereto, and maintenance charges for utilities and shall furnish all electric light bulbs, ballasts, and tubes. If any such services are not separately metered to Tenant, Tenant shall pay a reasonable proportion, as reasonably determined by Landlord, of all charges jointly serving other premises. Landlord shall, at Landlord's sole cost and expense, provide separately metered gas and electrical services. Unless caused by Landlord's willful negligence, Landlord shall not be liable for any damages directly or indirectly resulting from nor shall the Rent or any monies owed Landlord under this Lease herein reserved be abated by reason of : (a) the installation, use or interruption of use of any equipment used in connection with the furnishing of any utilities or services; (b) the failure to furnish or delay in furnishing any such utilities or services when such failure or delay is caused by acts of God or the elements, labor disturbances of any character, or any accidents or other conditions beyond the reasonable control of Landlord; or (c) the limitation, curtailment, rationing, or restriction on use of water, electricity, gas or any other form of energy or any other service or utility whatsoever serving the Premises or Project. Landlord shall be entitled to cooperate voluntarily and in a reasonable manner with the efforts of national, state, or local governmental agencies or utility suppliers in reducing energy consumption. The obligation to make services available hereunder shall be subject to the limitations of any such voluntary, reasonable program.

SUBORDINATION

16. Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, the Lease shall be subject and subordinate at all times to : (a) all ground leases or underlying leases which may now exist or hereafter be executed affecting the Premises and or the land upon which the Premises and Project are situated, or both; and (b) any mortgage or deed of trust which may now exist or be placed upon said project, land, ground leases or underlying leases, or Landlord's interest or estate in any of said items which is specified as security. Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated any such ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason. Tenant shall, notwithstanding any subordination, attorn to and become the Tenant of the successor in interest to Landlord at the option of such successor of interest. Within ten (10) days after request by Landlord, Tenant shall execute and deliver any additional documents evidencing Tenant's attornment or the subordination of this Lease with respect to any such ground leases or underlying leases or any such mortgage or deed of trust, in the form requested by land lord or by any ground landlord, mortgagee, or beneficiary under a deed of trust.

FINANCIAL STATEMENTS

17. At the request of Landlord, Tenant shall provide to Landlord Tenant's current financial statement or other information discussing financial worth of Tenant, which Landlord shall use solely for purposes of this Lease and in connection with the ownership, management and disposition of the Project. Landlord acknowledges the confidentiality of such financial statements and will not copy disburse the information to any third party without prior written consent of Tenant.

ESTOPPEL CERTIFICATE

18. Tenant agrees from time to time, within ten (10) days after request of the Landlord, to deliver to Landlord, or Landlord's designee, an estoppel certificate stating that this Lease is in full force and effect, the date to which Rent has been paid, the unexpired portion of this Lease, and such other matters pertaining to this Lease as may be reasonably requested by Landlord. Failure by Tenant to execute and deliver such certificate shall constitute an acceptance of the Premises and acknowledgment by Tenant that the statements included are true and correct without exception. Landlord and Tenant intend that any statement delivered pursuant to this Paragraph may be relied upon by any mortgagee, beneficiary, purchaser or prospective purchaser of the Project or any interest therein. The parties agree that Tenant's obligation to furnish such estoppel certificates in a timely fashion is a material inducement for Landlord's execution of the Lease, and shall be an event of default if Tenant fails to comply.

SECURITY DEPOSIT

19. Tenant agrees to deposit with Landlord upon execution of this Lease, a security Deposit as stated in the Basic Lease Information, which sum shall be held by Landlord, without obligation for interest, as security for the performance of Tenant's covenants and obligations under this Lease. The Security Deposit is not an advance rental deposit or a measure of damages incurred by Landlord in case of Tenant's default. Upon the occurrence of any event of default by Tenant, Landlord may,

from time to time, without prejudice to any other remedy provided herein or provided by law, use such fund to the extent necessary to make good any arrears of Rent or other payments due to Landlord hereunder, and any other damage, injury, expense or liability caused by such event of default, an Tenant shall pay to Landlord, on demand, the amount so applied in order to restore the Security Deposit to its original amount. Although the Security deposit shall be returned by Landlord to Tenant at such time after termination of this Lease that all of Tenant's obligations under this Lease have been fulfilled. Landlord may use and comingle the security Deposit with other funds of Landlord.

TENANT'S REMEDIES

20. The liability of Landlord to Tenant for any default by Landlord under the terms of this Lease are not personal obligations of the individual or other partners, directors, officers and shareholders of Landlord and Tenant agrees to look solely to Landlord's interest in the Project for the recovery of any amount form the Landlord, and shall not look to other assets of Landlord nor seek recourse against the assets of the individual or other partners, directors, officers and shareholders of Landlord. Any lien obtained to enforce any such judgment and any levy of execution thereon shall be subject and subordinate to any lien, mortgage, of trust on the Project.

ASSIGNMENT AND SUBLETTING

21. A. GENERAL. Tenant shall not assign or sublet the Premises or any part thereof without Landlord's prior written approval except as provided herein. If tenant desires to assign this Lease or sublet any or all of the Premises. Tenant shall give Landlord written notice ninety (90) days prior to the anticipated effective date of the assignment or sublease. Landlord shall than have a period of thirty (30) days following receipt of such notice to notify Tenant in writing that Landlord elects wither: (1) to terminate this Lease as to the space so affected as of the date so requested by Tenant; or (2) to permit tenant to assign this Lease or sublet such space subject however, to Landlord's prior written approval of the proposed assignee or subtenant and of any related documents or agreements associated with the assignment or sublease. If Landlord should fail to notify Tenant in writing of such election within said period, Landlord shall be deemed to have waived option (1) above, but written approval by Landlord of the proposed assignee or subtenant shall be required. If Landlord does not exercise the option provided in subitem (1) above Landlord's consent to a proposed assignment or sublet shall not be unreasonably withheld. Without limiting the other instances in which it may be reasonable for Landlord to withhold Landlord consent to an assignment or subletting, Landlord and Tenant acknowledge that it shall be reasonable for Landlord to withhold Landlord's consent in the following instances: The use of the Premises by such proposed assignee or subtenant would not be a permitted use or would increase the Parking Density of the Project: the proposed assignee or subtenant is not of sound financial condition; the proposed assignee or assignee is a governmental agency; the proposed assignee or subtenant does not have a good reputation as a tenant of a property; the proposed assignee or subtenant is a person with whom Landlord is negotiating to lease a space in the Project; the assignment or subletting would entail any alterations which would lessen the value of the leasehold improvements in the premises; or if tenant is in default of any obligation of Tenant under this lease. Unless Landlord unreasonably (reasonable instances are defined above) withholds its consent of a proposed assignment or subtenant, failure by Landlord to approve a proposed assignee or subtenant shall not cause a termination of this Lease. Upon a termination under this paragraph 21.A, Landlord may lease the Premises to any party, including parties with whom Tenant has negotiated an assignment or sublease, without incurring any liability to Tenant.

B. BONUS RENT. Any Rent or other consideration realized by Tenant under any such sublease or assignment in excess of the Rent payable hereunder, after amortization of a reasonable brokerage, commission shall be divided and paid fifty percent (50%) to Tenant and to Landlord. In any subletting or assignment undertaken by Tenant, Tenant shall use reasonable efforts to obtain the reasonable rental amount available in the marketplace for such subletting or assignment.

C. CORPORATION. If Tenant is a corporation, Tenant shall provide reasonable notice of a transfer of corporate shares by sale, assignment, bequest or inheritance, so as to result in a change in the present control of such corporation or any of it's parent corporations by the person or persons owning a majority of said corporate shares. See addendum 3.

D. LIABILITY. No assignment or subletting by Tenant shall relive Tenant of any obligation under this Lease. Any assignment or subletting which conflicts with the provisions hereof shall be void.

AUTHORITY OF PARTIES

22. Landlord represents and warrants that it has full right and authority to enter into this Lease and to perform all of Landlord's obligations hereunder. Tenant represents and warrants that it has full right and authority to enter into this Lease and to perform all of Tenant's obligations hereunder.

CONDEMNATION

23. A. CONDEMNATION RESULTING IN TERMINATION. If the whole or any substantial part of the Project of which the Premises are part should be taken or condemned for any public use under governmental law, ordinance regulation, or by the right of eminent domain, or by private purchase in lieu thereof,

and the taking would prevent or materially interfere with the Permitted use of the Premises. This Lease shall terminate and the Rent shall be abated during the unexpired portion of this Lease, effective when the physical taking of said Premises shall have occurred.

B. CONDEMNATION NOT RESULTING IN TERMINATION. If a portion of the Project of which the Premises are a part should be taken or condemned for any public use under any governmental law, ordinance, or regulation, or by the right of eminent domain, or by private purchase in lieu thereof, and this Lease is not terminated as provided in Paragraph 23.A above, this Lease shall not terminate, but the Rent payable hereunder during the unexpired portion of the Lease shall be reduced, beginning on the date of the physical taking shall have occurred, to such amount as may be fair and reasonable as agreed to in writing by Tenant and Landlord under all of the circumstances.

C. AWARD. Landlord shall be entitled to any and all payment, income, rent, award, or any interest therein whatsoever which may be paid or made in connection with such taking or conveyance and Tenant shall have no claim against Landlord or otherwise for the value of any unexpired portion of this Lease. Notwithstanding the foregoing, any compensation specifically awarded Tenant for loss of business, Tenant's personal property, moving costs or loss of goodwill, shall be and remain the property of the tenant.

CASUALTY DAMAGE

24 A. GENERAL. If the Premises or Building should be damaged or destroyed by fire, tornado or other casualty, Tenant shall give immediate written notice thereof to Landlord. Within thirty (30) days after the Landlord's receipt of such notice, Landlord shall notify Tenant whether in Landlord's opinion such repairs can reasonably be made either: (1) within ninety (90) days: (2) in more than ninety (90) days but less than one hundred and thirty-five days (135) days: or (3) in more than one hundred and thirty-five days but in less than one hundred eighty (180) days from the date of such notice. Landlord's determination shall be binding on Tenant.

B. LESS THAN 90 DAYS. If the Premises or Building should be damaged by fire, tornado or other casualty but only to such extent that rebuilding or repairs can in Landlord's estimation be reasonably completed in more than ninety (90) days but in less than one hundred and thirty-five (135) days, then Landlord shall have the option of either: (1) terminating the Lease effective upon the date of the occurrence of such damage, in which event the Rent shall be abated during the unexpired portion of the lease; or (2) electing to rebuild or repair the Premises to substantially the condition in which they existed prior to such damage and the Improvements contemplated in Paragraph 2.B, provided that insurance proceeds are available to fully repair the damage, except that Landlord shall not be required to rebuild, repair or replace any part of the partitions, fixtures, additions and other improvements which may have been placed in, on, or about the Premises. If the Premises are untenable in whole or in part following such damage, the Rent payable herein during the period in which they are untenable shall be abated proportionately, but only to the extent of rental abatement insurance proceeds received by Landlord during the time and to the extent the Premises are unfit for occupancy. In the event that Landlord should fail to complete such repairs and rebuilding within one hundred eighty days (180) days after the date upon which Landlord is notified by Tenant of such damage, such period of time to be extended for delays caused by the fault or neglect of the Tenant or because of acts of God, acts of public agencies, labor disputes, strikes, fires, freight embargoes, rainy or stormy weather, inability to obtain materials, supplies or fuels, or delays of the contractors or subcontractors or any other causes or contingencies beyond the reasonable control of the Landlord. Tenant may at Tenant's option within ten (10) days after the expiration of such one hundred eighty (180) day period (as such may be extended), terminate this Lease by delivering written notice of termination to Landlord as Tenant's exclusive remedy, whereupon all rights hereunder shall cease and terminate thirty (30) days after Landlord's receipt of such termination notice. See Addendum 4

D. GREATER THAN 180 DAYS. If the Premises or Building are damaged by fire, tornado, or other casualty that rebuilding or repairs cannot in Landlord's estimation be completed within one hundred eighty (180) days after such damage, this Lease shall terminate and the Rent shall be abated during the unexpired portion of this Lease, effective upon the date of the occurrence of such damage.

E. TENANT'S FAULT. If the Premises or any other portion of the Building are damaged by fire or other casualty resulting from the fault, negligence or breach of this Lease by the Tenant or any of Tenant's parties, Base Rent and Additional Rent shall not be diminished during the repair of such damage and Tenant shall be liable to Landlord for the cost and expense of the repair or restoration of the Building caused thereby to the extent such cost and expense is not covered by insurance proceeds.

F. UNINSURED CASUALTY. Notwithstanding anything herein to the contrary, in the event that the Premises or Building are damaged or destroyed and are not fully covered by the insurance proceeds received by the Landlord or in the event that the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises requires that the insurance proceeds be applied to such indebtedness, then in either case Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within thirty (30) days after the date of notice to Landlord that said damage or destruction is not fully covered by insurance or such requirement is made by any such holder, as the case may be, whereupon all rights and obligations hereunder shall cease and terminate.

G. WAIVER. Except as otherwise provided in this Paragraph 24, Tenant hereby waives the provisions of Sections 1932, 1933(4), 1941, and 1942 of the civil code of California.

HOLDING OVER

25. If Tenant shall retain possession of the Premises or any portion thereof without Landlord's consent following the expiration of the Lease or sooner termination for any reason, then Tenant shall pay to Landlord for each day of such retention one hundred fifty percent (150%) the amount of the daily rental as of the last month prior to the date of expiration or termination. Tenant shall also indemnify, defend, protect and hold Landlord harmless for any loss, liability or cost, including reasonable attorney's fees, resulting from delay by Tenant in surrendering premises, including, without limitation, any claims made by any succeeding tenant founded on such delay. Acceptance of Rent by Landlord following expiration date or termination shall not constitute a renewal of this Lease and nothing

contained in this Paragraph 25 shall waive Landlords right of reentry or any other right, Unless Landlord consents in writing to Tenant's holding over. Tenant shall be only a Tenant at sufferance, whether or not Landlord accepts any Rent from Tenant while Tenant is holding over without Landlords consent. Additionally, in the event that upon termination of the Lease, Tenant has not fulfilled its obligation with respect to repairs, cleanup of the premises or any other Tenant obligations as set forth in this Lease, then Landlord shall have the right to perform any such obligations as it deems necessary at Tenant's sole cost and expense, and any time required by Landlord to complete such obligations shall be considered a period of holding over and the terms of this Paragraph 25 shall apply.

DEFAULT

26. A. EVENTS OF DEFAULT. The occurrence of any of the following shall constitute an event of default on the part of Tenant:

(1) ABANDONMENT. Abandonment of the Premises for a continuous period in excess of five (5) days. Tenant waives any right or notice Tenant may have under Section 1951.3 of the Civil Code of the State of California, the terms of Paragraph 26.A being deemed such notice to Tenant as required by said Section 1951.3

(2) NONPAYMENT OF RENT. Failure to pay any installment of Rent or any other amount due and payable hereunder upon the date when said payment is due and not cured within five (5) days.

(3) OTHER OBLIGATIONS. Failure to perform any obligation, agreement, or covenant under this Lease other than those matters specified in subparagraphs (1) and (2) of this Paragraph 26.A,. Such failure continuing thirty (30) days after written notice of such failure.

(4) GENERAL ASSIGNMENT. A general assignment by Tenant for the benefit of creditors.

(5) BANKRUPTCY. The filing of any voluntary petition in Bankruptcy by Tenant, or the filing of an involuntary petition by Tenant's creditors, which involuntary petition remains undischarged for a period of thirty (30) days. In the event that under applicable law the trustee in bankruptcy or Tenant has the right to affirm this Lease and continue to perform the obligations of the Tenant hereunder, such trustee or Tenant hereunder outstanding as of the date of the affirmance of this Lease and provide to Landlord such adequate assurances as may be necessary to ensure Landlord of the continued performance of Tenant's obligations under this Lease.

(6) RECEIVERSHIP. The employment of a receiver to take possession of substantially all of Tenant's assets or Premises, if such appointment remains undismissed or undischarged for a period of ten (10) days after the levy thereof.

(7) ATTACHMENT. The attachment, execution or other judicial seizure of all or substantially all of Tenant's assets or the Premises, if such attachment or other seizure remains undismissed or undischarged for a period of twenty (20) days after the levy thereof.

B. REMEDIES UPON DEFAULT

(1) TERMINATION. In event of the occurrence of any event of default. Landlord shall have the right to give a written termination notice to Tenant which default may then be cured by Tenant within fifteen (15) days, and if uncured, Tenant's right to possession shall terminate, and this Lease shall terminate unless on or before such date all arrears of rental and all other sums payable by Tenant under this Lease and all costs and expenses incurred by or on behalf of the Landlord hereunder shall have been paid by Tenant and all other events of default of this Lease by Tenant at the time existing shall have been fully remedied to the satisfaction of the Landlord. At any time after such termination Landlord may recover possessions of the Premises or any part thereof and expel and remove therefrom Tenant and any other person occupying the same, by any lawful means, and again reposes and enjoy the Premises without prejudice to any of the remedies that Landlord may have under this Lease, or at law or equity by reason of Tenant's default or of such termination.

(2) CONTINUATION AFTER DEFAULT. Even though an event of default may have occurred, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession under paragraph 26.B (1) hereof, and Landlord may enforce all of Landlord's rights and remedies under this Lease, including without limitation, the right to recover Rent as it becomes due, and Landlord, without terminating this Lease, may exercise all of the rights and remedies of a landlord under section 1951.4 of the civil Code of the State of California or any successor code section. Acts of maintenance, preservation, or efforts to lease the Premises or the appointment of a receiver upon application of Landlord to protect Landlord's interest under this Lease shall not constitute an election to terminate Tenant's right to possession.

C. DAMAGES AFTER DEFAULT> Should Landlord terminate this Lease pursuant to the provisions of Paragraph 26.B(1) hereof, Landlord shall have the rights and remedies of a Landlord provided Section 1951.2 of the Civil Code of the State of California, or successor code sections. Upon such termination, in addition to any other rights and remedies to which Landlord may be entitled under applicable law, Landlord shall be entitled to recover from the Tenant: (1) the worth at the time of award of the unpaid Rent and other amounts which had been earned at the time of termination, (2) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that Tenant proves could have been reasonable avoided; and (4) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which, in the ordinary course of things, would be likely to result therefrom. The "worth at the time of award" of the amounts referred to in (1) and (2), above shall be computed at the lesser of the "prime rate" as announced from time to time by Wells Fargo Bank, N.A. (San Francisco), plus two (2) percentage points, or the maximum interest rate allowed by law ("Applicable Interest Rate"). The "worth at the time of award" of the amount referred to in (3) above shall be computed by discounting such amount at the Federal Discount Rate of the Federal Reserve Bank of San Francisco at the time of the award, I this Lease provides for any periods during the Term during which Tenant is not

required to pay base Rent or if Tenant otherwise receives a Rent concession, then upon the occurrences of an event of default, Tenant shall owe the Landlord the full amount of such Base Rent or value of such concession, plus interest at the Applicable interest Rate, calculated from the date that such Base Rent or Rent Concession would have been payable.

D. LATE CHARGE. If any installment of Rent is not paid within five (5) days of when due, such amount shall bear interest at the Applicable Interest Rate from the date on which said payment shall be due until the date on which the Landlord receives said payment, In addition, Tenant shall pay Landlord a late charge equal to five percent (5%) of the delinquency, to compensate Landlord for the loss of the use of the amount not paid and the administrative costs caused by the delinquency, the parties agreeing that Landlord's damage by virtue of such delinquency would be difficult to compute and the amount stated herein represents a reasonable estimate thereof. This provision shall not relieve Tenant's obligation to pay Rent at the time and in the manner herein specified.

E. REMEDIES CUMULATIVE. All rights, privileges and elections or remedies of the parties are cumulative and not alternative, to the extent permitted by law and except as otherwise provided herein.

LIENS

27. Tenant shall keep the premises free from liens arising out of related to work performed, materials or supplies furnished or obligations incurred by Tenant in connection with work made, suffered or done by or on behalf of Tenant in or on the Premises or Project. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause the same to be released of record payment or posting of a proper bond. Landlord shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause the same to be released by such means as Landlord shall deem proper, including payment of the claim giving rise to such lien. All sums paid by the Landlord on behalf of the Tenant and all expenses incurred by Landlord in connection therefor shall be payable to Landlord by Tenant on demand with interest at the Applicable Interest Rate. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law, or which Landlord shall deem proper, for the protection of the Landlord, the Premises, the Project and by other party having an interest therein, from mechanics' and materialmen's liens, and tenant shall give Landlord not less than ten(10) business days prior written notice of the commencement of any work in the Premises or Project which could give rise to a claim for mechanics' and materialmen's liens.

SUBSTITUTION

28. At any time after execution of this Lease. Landlord, with Tenant's written consent, which shall not be unreasonably withheld, may substitute for the Premises other Premises in the Project (the "New Premises") upon not less than sixty (60) days prior written notice. In which event the new Premises Shall be deemed to be the Premises for all purposes hereunder; provided however, that:
- (1) The Area of the Premises is less than Twenty-five percent (25%) of the area of the Project;
 - (2) The New Premises shall be similar in area and in appropriateness for Tenant's purposes;
 - (3) Any such substitution is effected for the purpose of accommodating a tenant who will occupy all or a substantial portion of the Project area; and
 - (4) If Tenant is occupying the Premises at the time of such substitution. Landlord shall pay the expense of physically moving Tenant, Tenant's property and equipment to the New Premises, and Tenant's incidental costs such as letter-head and business cards, and shall, at Landlord's sole cost, improve the New Premises with improvements substantially similar to those Landlord has committed to provide in t the premises.
 - (5) Tenant has the right to operate within use and occupancy the New Premises under all applicable state and local regulations.

TRANSFERS BY LANDLORD

29. In the event of a sale r conveyance by Landlord of the Building or a Foreclosure by any creditor of Landlord, the same shall operate to release Landlord from any liability upon any of the covenants or conditions, express or implied, herein contained in favor of Tenant, to the extent required to be performed after the passing of title to Landlord's successor-in-interest of Landlord under this Lease with respect

RIGHT OF LANDLORD TO PERFORM TENANT'S COVENANTS

30. All covenants and agreements to be performed by Tenant under any of the terms of the Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of Rent. If Tenant shall fail to any sum of money, other than Base Rent and Basic Operating Cost, required to be paid by Tenant hereunder or shall fail to perform any other act on Tenant's part to be performed hereunder, and such failure shall continue for five (5) days after notice thereof by Landlord, Landlord may, but shall not be obligated to do so, and without waiving or releasing Tenant from any obligations of Tenant, make such payment or perform any such act on Tenant's part to be made or performed. All sums, so paid by Landlord and all necessary incidental costs together with interest thereon at the Applicable interest Rate from the date of such payment by Landlord shall be payable to Landlord on demand and Tenant covenants to pay such sums, and Landlord shall have, in addition to any other right or remedy of Landlord, the same right and remedies in the event of non-payment thereof by Tenant as in the case of default by Tenant in the payment of Base Rent and Basic Operating Cost.

WAIVER

31. If either Landlord or Tenant waives the performance of any term, covenant or condition contained in this Lease, such waiver shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition contained herein. The acceptance of Rent by Landlord shall not constitute a waiver of any preceding breach by Tenant of any Term, covenant or condition of this Lease, regardless of Landlord's knowledge of such preceding breach at the time Landlord accepted such Rent. Failure by Landlord to enforce any of the Terms, covenants or conditions of this Lease for any length of time shall not be deemed to waive or to decrease the right of the Landlord to insist thereafter upon Strict

performance by the Tenant. Waiver by Landlord of any term, covenant, or condition contained in this Lease may only be made by a written document signed by Landlord.

NOTICES

32. Each provision of this Lease or of any applicable governmental laws, ordinances, regulations and other requirements with reference to sending, mailing, or delivery of any notice or the making of any payment by Landlord or Tenant to the other shall be deemed to be complied with when and if the following steps are taken:

A. RENT. All Rent and other payments required to be made by Tenant to Landlord hereunder shall be payable to Landlord at the address set forth in the Basic Lease information, or at such other address as Landlord may specify from time to time by written notice delivered in accordance herewith. Tenant's obligation to pay Rent and any other amounts to Landlord under the terms of this Lease shall not be deemed satisfied until such Rent and other amounts have been actually received by Landlord.

B. OTHER. All notices, demands, consents and approvals which may or are required to be given by either party to the other hereunder shall be in writing and wither personally delivered, sent by commercial overnight courier, or mailed, certified, registered, postage prepaid, and addressed to the party to be notified at the address for such party as specified in the Basic Lease Information or to such other places as the party to be notified may from time to time designate by at least

fifteen (15) days notice to the notifying party. Notices shall be deemed served upon receipt or refusal to accept delivery. Tenant appoints as its agent to receive the service of all default notices and notice of commencement of unlawful detainer proceedings the person in charge of or apparently in charge of occupying the Premises at the time, and, if there is no such person, then such service may be made by attaching the same on the main entrance of the Premises.

ATTORNEYS' FEES

33. In the event that Landlord places the enforcement of this Lease, or any part thereof, or the collection of any Rent due, or to become due hereunder, or recovery of possession of the Premises in the hands of an attorney, Tenant shall pay to Landlord, upon demand, Landlord's reasonable attorneys' fees and court costs. In any action which Landlord or Tenant brings to enforce its respective rights hereunder, the unsuccessful party shall pay all costs incurred by the prevailing party including reasonable attorneys' fees, to be fixed by the court, and said costs and attorneys' fees shall be a part of the judgment in said action.

SUCCESSORS AND ASSIGNS

34. This Lease shall be binding upon and inure to the benefit of Landlord, its successors and assigns, and shall be binding upon and inure to the benefit of Tenant, its successors, and to the extent assignment is approved by Landlord hereunder, Tenant's assigns.

FORCE MAJEURE

35. Whenever a period of time is herein prescribed for action to be taken by Landlord, Landlord shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions or any other causes of any kind whatsoever which are beyond the control of Landlord.

BROKERAGE COMMISSION

36. Landlord shall pay a brokerage commission to Broker in accordance with a separate agreement between Landlord and Broker. Tenant warrants to Landlord that Tenant's sole contact with Landlord or with the Premises in connection with this transaction has been directly with Landlord and Broker, and that no other broker or finder can properly claim a right to a commission or a finder's fee based upon contacts between the claimant and Tenant with respect to Landlord or the Premises. Tenant shall indemnify, defend by counsel acceptable to Landlord, protect and hold Landlord harmless from and against any loss, cost or expense, including, but not limited to, attorneys' fees and costs, resulting from any claim for a fee or commission by any broker or finder in connection with the Premises and this Lease other than Broker.

MISCELLANEOUS

37. A. GENERAL. The term "Tenant" or any pronoun used in place thereof shall indicate and include the masculine or feminine, the singular or plural number, individuals, firms or corporations, and their respective successors, executors, administrators and permitted assigns, according to the context hereof.

B. TIME. Time is of the essence regarding this Lease and all of its provisions.

C. CHOICE OF LAW. This Lease shall in all respects be governed by the laws of the State of California.

D. ENTIRE AGREEMENT. This Lease, together with its Exhibits, contains all the agreements of the parties hereto and supersedes any previous negotiations. There have been no representations made by the Landlord or understandings made between the parties other than those set forth in this Lease and its exhibits.

E. MODIFICATION. This Lease may not be modified except by a written instrument by the parties hereto.

F. SEVERABILITY. If, for any reason whatsoever, any of the provisions hereof shall be unenforceable or ineffective, all of the other provisions shall be and remain in full force and effect.

G. RECORDATION. Tenant shall not record this Lease or a short form memorandum hereof.

H. EXAMINATION OF LEASE. Submission of this Lease to Tenant does not constitute an option or offer to lease and this Lease is not effective otherwise until execution and delivery by both Landlord and Tenant.

I. ACCORD AND SATISFACTION. No payment by Tenant of a lesser amount than the Rent nor any endorsement on any check or letter accompanying any check or payment of Rent shall be deemed an accord and satisfaction of full payment of Rent, and Landlord may accept such payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue other remedies.

J. EASEMENTS. Landlord may grant easements on the Project and dedicate for public use portions of the Project without Tenant's consent; provided that no such grant or dedication shall substantially interfere with Tenant's use of the Premises. Upon Landlord's demand, Tenant shall execute, acknowledge and deliver to Landlord documents, instruments, maps and plats necessary to

effectuate tenant's covenants hereunder.

L. EXHIBITS. Exhibits A and B attached hereto are hereby incorporated herein by this reference.

M. NO LIGHT, AIR OR VIEW EASEMENT. Any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to or in the vicinity of the Building shall in no way affect this Lease or impose any liability on Landlord.

N. NO THIRD PARTY BENEFIT. This Lease is a contract between Landlord and Tenant and nothing herein is intended to create any third party benefit.

ADDITIONAL PROVISIONS

38. Addenda 1-4, Paragraphs 39 and 40 and Attachments A through C are attached hereto and made a part thereof.

ADDENDUM 1 - PARAGRAPH 2.B.2 - CONSTRUCTION OF IMPROVEMENTS:

If, on the later of 1) one hundred twenty (120) days after the Estimated Term Commencement Date, or 2) one hundred twenty (120) days after Tenant's submission to the City of San Leandro of its plans and specifications for the construction of improvements to be done by Tenant on the Premises ("Tenant's Plans"), the plans and specifications described on Exhibit B or Tenant's Plans have not been approved by the City of San Leandro or if Tenant has not obtained all required operating permits to operate in accordance with its Permitted Use (the "Permits") and Tenant has diligently pursued to have said plans and Permits approved, then either Tenant or Landlord can terminate this Lease and Tenant shall reimburse Landlord for all reasonable costs and expenses directly associated with the preparation, construction and submission of said plans, including, but not limited to, plan preparation fees, city filing fees and review fees, contractors' fees, construction costs, and lost rent for the period beginning on the date of execution of this Lease and ending on the termination date at a cost of \$3,262.50 per month.

ADDENDUM 2 - PRIOR CONDITIONS:

If any government agency orders remediation of the Premises of Hazardous Materials for conditions that existed prior to Tenant's occupancy of the Premises, then Landlord shall be responsible for the cost of said remediation.

ADDENDUM 3 - PARAGRAPH 21.C.2 - ASSIGNMENT AND SUBLETTING - CORPORATION:

If a sale or assignment of the assets or the operating plant located on the Premises occurs independently of Tenant's other assets or plants located in different premises and if said sale or assignment is to an individual, corporation or partnership that is not of sound financial condition as reasonably determined by Landlord, then said sale or assignment shall constitute an assignment for the purposes of this Lease. Additionally, notwithstanding any of the preceding, in no event shall the transfer of corporate shares to or by a receiver or trustee in federal or state bankruptcy or insolvency limit in any way Landlord's rights to terminate this Lease under paragraph 26.

ADDENDUM 4 - PARAGRAPH 24.C.2 - GREATER THAN 135 DAYS:

If the Premises or Building should be damaged by fire, tornado or other casualty but only to such extent that rebuilding or repairs can in Landlord's estimation be reasonably completed in more than one-hundred thirty-five (135) days but in less than one hundred eighty (180) days, then Landlord and Tenant shall have the option of terminating the Lease effective upon the date of the occurrence of such damage, in event the Rent shall be abated during the unexpired portion of the Lease. If Landlord and Tenant elect not to terminate this Lease, then Landlord may elect to rebuild or repair the Premises to substantially the condition in which they existed prior to such damage and the improvements contemplated in Paragraph 2.B., provided that insurance proceeds are available, to fully repair the damage, except that Landlord shall not be required to rebuild, repair or replace any part of the partitions, fixtures, additions and other improvements which may have been placed in, on or about the Premises. If the Premises are untenable in whole or in part following such damage, the Rent payable hereunder during the period in which they are untenable shall be abated proportionately, but only to the extent of rental abatement insurance proceeds received by Landlord during the time and to the extent the Premises are unfit for occupancy. In the event that Landlord should fail to complete such repairs and rebuilding within one hundred eighty (180) days after the date upon which Landlord is notified by Tenant of such damage, such period of time to be extended for delays caused by the fault or neglect of Tenant or because of acts of God, acts of public agencies, labor disputes, strikes, fires, freight embargoes, rainy or stormy weather, inability to obtain materials, supplies or fuels, or delays of the contractors or subcontractors or any other causes or contingencies beyond the reasonable control of Landlord, Tenant may at Tenant's option within ten (10) days after the expiration of such one hundred eighty (180) day period (as such may be extended), terminate this Lease by delivering written notice of termination to Landlord as Tenant's exclusive remedy, whereupon all rights hereunder shall cease and terminate thirty (30) days after Landlord's receipt of such termination notice.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.

"Landlord"

Landlord: EML Associates, a New York General Partnership
By: ML/EQ Real Estate Portfolio, L.P., a Limited Partnership
By: Equitable Real Estate Investment Management, Inc., Asset Manager

By: /s/ James M. Plane

James M. Plane
Vice President

"Tenant"

Stericycle, Inc.

By: /s/ _____

Its: V.P. _____

39. BASE RENT:

Rent for the premises shall be as follows:

Months 1 - 7:	Free
Months 8 - 36:	\$6,525.00
Months 37 - 60:	\$7,200.00
Months 61 - 90:	\$7,200.00 adjusted in month sixty-one (61) by any increase in the Consumer Price Index, as determined by the U.S. Bureau of Labor Statistics, All Urban Consumers, for the San Francisco/Oakland/San Jose Metropolitan Area for the previous twenty-four (24) month period of the Lease term. In no event shall the annualized increase be less than four percent (4%) or an increase of \$587.52 to a total monthly base rent of \$7,787.52 nor greater than six percent (6%) or an increase of \$889.92 to a total monthly base rent of \$8,089.92.
Months 91 - 127:	The rent for months sixty-one through ninety (61-90) adjusted in month ninety-one (91) by any increase in the Consumer Price Index, as determined by the U.S. Bureau of Labor Statistics, All Urban Consumers, for the San Francisco/Oakland/San Jose Metropolitan Area for the previous twenty-four (24) month period of the Lease term. In no event shall the annualized increase be less than four percent (4%) or a multiplication factor of 1.0816 nor greater than six percent (6%) or a multiplication factor of 1.1236. For example, if the rent for months 61-90 was \$7,787.52, then the minimum increase would be \$8,422.98 and the maximum increase would be \$8,750.06.

40. EARLY OCCUPANCY:

Tenant shall be permitted by Landlord to occupy the Premises prior to the Term Commencement Date for equipment storage in an area not to exceed 50' X 50' and for general planning purposes, provided occupancy shall not unreasonably interfere with Landlord's construction of the Improvements contemplated by Exhibit B hereto. During Tenant's occupancy prior to the Term Commencement Date, Tenant shall perform all duties and obligations imposed by this Lease, including, but not limited to, those provisions relating to insurance, indemnification, saving and excepting only the obligation to pay Base Rent, which obligation shall commence at the time specified in Paragraph 39.

DOOLITTLE INDUSTRIAL
CENTER

- - Divisible to 20,000 square feet
- - Dock-high and drive-in doors
- - Loading from both sides
- - Ample parking and staging area
- - Easy access to I-880, Oakland Airport, and Port of Oakland
- - 17.5'-20' clear height
- - 277/480V.200-4,000 amps
- - Fire sprinklered/skylights
- - Improved offices to suit
- - Southern Pacific rail service available
- - Architecturally designed and professionally landscaped
- - Owned by The Equitable
- - Managed by Trammell Crow Company

[MAP]

[FLOOR PLAN]

EXHIBIT A

EXHIBIT B

TENANT IMPROVEMENTS AND SPECIFICATIONS

Exhibit "B" as herein referenced shall include the tenant improvements outlined in those certain plans dated January 24, 1992 and attached to this Lease as Exhibit D.

EXHIBIT "C"

TENANT SIGN CRITERIA

Tenant shall submit or cause to be submitted within three (3) weeks of the date of execution of this Lease, to Landlord the exact company name that will be used for Tenant's signage.

Property manager shall have signage installed at Tenant's expense on the sign band, front entrance door(s), and rear personnel entrance door(s) and any other points of entry to the leased premises as appropriate.

Tenant signage is detailed herein, shall be a condition of this Lease and all Tenants shall be obligated to have a sign and all signs shall be received for conformance with this criteria and overall design quality.

SIGN BAND

Signs to be installed on the building shall have a constructed letter size of twelve to fifteen inch (12-15") letters. Exact sign to be approved by property manager. The individual letters will conform with the building color and be of either a styrofoam or gatorfoam material with the style being "Helvetica Medium". Each individual letter will have a depth of approximately two inches (2").

FRONT ENTRANCE DOOR(S)

Signage for the front entrance door(s) shall be of white vinyl adhesive backed lettering placed on the outside glass surface. The lettering shall be limited to the street address number of suite number (as appropriate) in six inch (6") letters. The address shall be on the upper center of the glass surface. The front entrance door(s) signage will also consist of the name of the Tenant or the assumed business name of the Tenant (as publicly recorded) in three (3") letters centered on the outer glass surface. The placement of the door signage shall conform to the front entrance door(s) signage of the other Tenants in the project.

REAR PERSONNEL ENTRANCE DOOR(S) SIGNAGE (Optional)

Signage for the rear personnel entrance door(s) shall be white vinyl adhesive backed letters and placed on the outer surface of the door. The signage shall consist of the street address number or suite number as appropriate in six inch (6") letters placed on the upper center of the door. The signage shall also consist of the name of the Tenant or the assumed business name of the Tenant (as publicly recorded) in two inch (2") letters. The rear personnel entrance door(s) signage may also consist of information as hours of which deliveries are accepted, employee entrance, etc.

The purpose of this sign criteria is to provide signage which will ensure visual harmony and maximum visibility for the mutual benefit of all tenants. Further, signage shall be limited to the name of Tenant, as detailed in this Lease or the publicly recorded assumed business name of Tenant and shall not include descriptive advertisement. Conformance will be strictly enforced and any installed nonconforming or unapproved signs must be brought into conformance at the expense of the Tenant.

Tenant assumes all responsibility for installation or removal damage to facia of building caused by the installation or removal of the sign.

ZIEGLER LEASING CORPORATION

MASTER LEASE AGREEMENT

No. 150-10310

dated as of February 11, 1994, by and between

Lessor: Ziegler Leasing Corporation and Lessee: Stericycle, Inc.
215 N. Main Street 1419 Lake Cook Road, Suite 410
West Bend, Wisconsin 53095 Deerfield, Illinois 60015

1. LEASE. Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the personal property including intangibles (the "Equipment") described in one or more Rental Schedules (herein called "Schedule(s)") in the form of Exhibit A attached hereto, to this Master Lease Agreement. Each such Schedule incorporates by this reference, the terms and conditions set forth in this Master Lease Agreement and constitutes a separate lease (the "Lease"). The lease of Equipment under each Lease shall be for such term and such rents as may be agreed to by execution of the Schedules and this Master Lease Agreement shall control and be effective as to all such Schedules, the same as though set forth herein unless expressly amended or modified in writing for particular Schedules. The term "Equipment" as used in this Master Lease Agreement shall refer to items leased under all Schedules and the terms hereof, unless expressly amended or modified in writing, shall apply equally to all such Equipment.

2. TERM AND RENT. The Initial Term for each item of Equipment shall be for the period specified in the Schedules, and Lessee shall pay Lessor, throughout the Initial Term for the use of the Equipment, the Rent specified in the Schedules. The Initial Term and Rent with respect to each item of Equipment shall commence as set out in the applicable Schedule.

3. LATE CHARGES. Time is of the essence in this Lease. If any Rent or other amount due hereunder are not paid within ten (10) days after the due date thereof, Lessor shall have the right to add and collect and Lessee to pay (a) a late charge on, and in addition to, such unpaid Rent or other charges, equal to five percent (5%) of such unpaid Rent or a lesser amount if established by any state or federal thereto, (b) interest on such Rent or other charges from, the due date until paid at the highest contract rate enforceable against Lessee under applicable law, (c) a reasonable collection fee not to exceed \$500 for additional administrative costs.

4. DISCLAIMER OF WARRANTIES. Lessee acknowledges that Lessor is not the manufacturer of the Equipment, nor manufacturer's agent, and Lessee represents that Lessee has selected the Equipment leased hereunder based upon Lessee's judgment prior to having requested Lessor to purchase the same for leasing to Lessee, and Lessee agrees that as between Lessor and Lessee, the Equipment leased hereunder is of a design, size, fitness and capacity selected by Lessee and that Lessee is satisfied that the same is suitable and fit for its intended purposes. LESSEE FURTHER AGREES THAT LESSOR HAS MADE AND MAKES NO REPRESENTATIONS OR WARRANTIES OF WHATSOEVER NATURE, DIRECTLY OR INDIRECTLY, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATIONS OR WARRANTIES WITH RESPECT TO SUITABILITY, DURABILITY, FITNESS FOR USE AND MERCHANTABILITY OF ANY SUCH EQUIPMENT, THE PURPOSES AND USES OF THE LESSEE THE CHARACTERIZATION OF THE LEASE FOR TAX, ACCOUNTING OR OTHER PURPOSES, COMPLIANCE OF THE EQUIPMENT WITH APPLICABLE GOVERNMENTAL REQUIREMENTS, OR

OTHERWISE. Lessee specifically waives all rights to make claim against Lessor herein for breach of any warranty of any kind whatsoever. Notwithstanding the foregoing, Lessee shall be entitled to the benefit of any applicable manufacturer's warranties received by Lessor and to the extent assignable, such warranties are hereby assigned by Lessor to Lessee for the term of the applicable Schedules. Lessor shall not be liable to Lessee for any loss, damage or expense of any kind or nature caused directly or indirectly by any Equipment leased hereunder or for the use or maintenance thereof, or for the failure of operations thereof, or for the repairs, service or adjustment thereto, or by any delay or failure to provide any thereof, or by any interruption of service or loss of use thereof or for any loss of business or any other damage whatsoever and howsoever caused. No defect or unfitness of the Equipment shall relieve Lessee of the obligation to pay Rent, or to perform any other obligation under this Lease.

5. USE, OPERATION AND MAINTENANCE. Lessee shall use the Equipment in the manner for which it was designed and intended, solely for Lessee's business purposes, in accordance with all manufacturer manuals and instructions and in compliance with all applicable laws, regulations and orders. Lessee, at Lessee's own cost and expense, shall keep the Equipment in good repair, condition and working order, ordinary wear and tear excepted, and shall furnish all parts, mechanisms, devices and servicing required therefore and necessary to comply with all applicable health and safety standards. If commercially available, Lessee shall maintain in force a maintenance agreement with respect to the Equipment with the manufacturer thereof or such other party as may be acceptable to Lessor, and the Equipment, upon return to Lessor, shall qualify for such program without additional expense. All replacement parts and repairs at any time made to or placed upon the Equipment shall become the property of Lessor. Lessee may, with Lessor's prior written consent, make such alterations, modifications or additions to the Equipment as Lessee may deem desirable in the conduct of its business; provided the same shall not diminish the value or utility of the Equipment, or cause the loss of any warranty thereon or any certification necessary for the maintenance thereof, and shall be readily removable without causing damage to the Equipment. Upon return to Lessor the Equipment as to which such alterations, modifications or have been made, Lessee, if requested to do so by Lessor, shall remove the same and restore the Equipment to its original condition, reasonable wear and tear only being excepted, and, if not so removed, title thereto shall automatically vest in Lessor.

LESSEE SHALL KEEP THE EQUIPMENT FREE AND CLEAR FROM ALL LIENS, CHARGES, ENCUMBRANCES, LEGAL PROCESS AND CLAIMS. LESSEE SHALL NOT ASSIGN, SUBLET, HYPOTHECATE, SELL, TRANSFER OR PART WITH POSSESSION OF THE EQUIPMENT OR ANY INTEREST IN THIS LEASE, AND ANY ATTEMPT TO DO SO SHALL BE NULL AND VOID AND SHALL CONSTITUTE A DEFAULT HEREUNDER. Lessee shall not move the Equipment from the location noted in the Schedules without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Neither this Lease nor any interest in the Equipment is assignable or transferable by Lessee by operation of law. Lessee agrees not to waive its right to use and possess the Equipment in favor of any party other than Lessor and further agrees not to abandon the Equipment to any party other than Lessor. So long as Lessee faithfully performs and meets each and every term and condition to be performed or met by Lessee under this Lease, Lessee's quiet and peaceful possession of the Equipment will not be disturbed by Lessor or anyone claiming by, through or on behalf of Lessor.

6. TITLE. The Equipment is and at all times shall remain the sole and exclusive personal property of Lessor (subject to Section 19 hereof). No right, title or interest in the Equipment shall pass to Lessee other than the right to maintain possession and use of the Equipment for the full lease term, conditioned upon Lessee's compliance with the terms and conditions of this Lease. If requested by Lessor, Lessee shall affix to or place on the Equipment plates or markings indicating Lessor's ownership. Lessee covenants and agrees that the Equipment is, and will at all times, remain the personal property of Lessor (subject to Section 19 hereof). If requested by Lessor, Lessee will obtain a waiver, in recordable form, from all persons with a real property interest in the premises wherein the Equipment may be located, waiving any

claim with respect thereto. Lessor shall have the right from time to time during normal business hours to enter upon Lessee's premises or elsewhere for the purpose of confirming the existence, condition, and proper maintenance of the Equipment or for any other reasonable business purpose.

7. RENT ADJUSTMENT. The Effective Lease Rate will remain fixed for the duration of the Initial Term. Prior to the funding date, the date that Lessor pays the Purchase Price of the Equipment as set forth in the Schedule, Lessor may adjust the Rent in order to maintain its originally anticipated rate of return if; (i) there is a change in the yield on the U.S. Treasury Securities, as quoted in the Federal Reserve statistical release H.15 (519), from the Index Basis specified on the Schedules, (ii) the Rental Commencement Date as set forth in the Schedules, is not on or before the Commitment Expiration Date specified on the Schedules; (iii) Lessee fails to deliver documentation as requested by Lessor; (iv) the Equipment cannot be acquired by Lessor at a cost equal to the invoice cost specified on the Schedules; or (v) there is a material change in the Equipment residual values as determined by Lessor.

8. TAXES. Lessee shall promptly reimburse Lessor for, or shall pay directly if so requested by Lessor, as additional Rent, all taxes, charges and fees which may now or hereafter be imposed or levied by any governmental body or agency upon or in connection with the purchase, ownership, lease, possession, use or location of the Equipment or otherwise in connection with the transactions contemplated by the Lease, excluding, however, all taxes on or measured by the net income of Lessor, and shall keep the Equipment free and clear of all levies, liens or encumbrances arising therefrom. Lessor shall file, as owner and party responsible for payment of tax, personal property tax return relating to the Equipment unless otherwise provided in writing. Lessee shall promptly reimburse Lessor for all property taxes levied on or assessed against the Equipment during the Initial Term and all renewals or extensions, without any proration whatsoever. Failure of Lessee to promptly pay amounts due hereunder shall be the same as failure to pay any installment of Rent. If Lessee is requested by Lessor to file any returns or remit payments directly to any governmental body or agency as provided for hereunder, Lessee shall provide proof of said filing or payment to Lessor upon request.

9. LOSS OR DAMAGE OF EQUIPMENT. Lessee hereby assumes and shall bear the risk of loss for destruction of or damage to the Equipment from any and every cause whatsoever, whether or not insured, until the Equipment is returned to Lessor. No such loss or damage shall impair any obligation of Lessee under this Lease which shall continue in full force and effect. In event of damage to or theft, loss or destruction of the Equipment (or any item thereof), Lessee shall promptly notify Lessor in writing of such fact and of all details with respect thereto, and shall, within thirty (30) days of such event, at Lessor's option, (a) place the same in good repair, condition and working order or, (b) replace the Equipment (or any item thereof) with like personal property in good repair, condition and working order and transfer clear title to such replacement property to Lessor whereupon such property shall be subject to this Lease and be deemed the Equipment for purposes hereof; or, (c) pay Lessor an amount equal to the sum of (i) all Rent accrued to the date of such payment, plus (ii) the "Stipulated Loss Value" as set forth in the Schedules, whereupon this Lease shall terminate, except for Lessee's duties under Section 11 hereof, solely with respect to the Equipment (or any item thereof) for which such payment is received by Lessor. Upon payment of the amount set forth in (c), the Rent for such Schedules shall be reduced proportionately. Any insurance proceeds received with respect to the Equipment (or any item thereof) shall be applied, in the event option (c) is elected, in reduction of the then unpaid obligations, including the Stipulated Loss Value, of Lessee to Lessor, if not already paid by Lessee, or, if already paid by Lessee, to reimburse Lessee for such payment, or, in the event option (a) or (b) is elected, to reimburse Lessee for the costs of repairing, restoring or replacing the Equipment (or any item thereof) upon receipt by Lessor of evidence, satisfactory to Lessor, that such repair, restoration or replacement has been completed, and an invoice therefor.

10. INSURANCE. Lessee shall keep the Equipment insured against theft and all risks of loss or damage from every cause whatsoever for not less than the greater of the replacement

cost, new, or the Stipulated Loss Value of the Equipment and shall carry public liability insurance, both personal injury and property damage, covering the Equipment and Lessee shall be liable for all deductible portions of all required insurance. All said insurance shall be in form and amount and with companies satisfactory to Lessor. All insurance for theft, loss or damage shall provide that losses, if any, shall be payable to Lessor, and all such liability insurance shall name Lessor (or Lessor's assignee as appropriate) as additional insured and shall be endorsed to state that it shall be primary insurance as to Lessor. Any other insurance obtained by or available to Lessor shall be secondary insurance. Lessee shall pay the premiums therefor and deliver to Lessor a certificate of insurance or other evidence satisfactory to Lessor that such insurance coverage is in effect; provided, however, that Lessor shall be under no duty either to ascertain the existence of or to examine such insurance policies or to advise Lessee in the event such insurance coverage shall not comply with the requirements hereof. Each insurer shall agree by endorsement upon the policy or policies issued by it or by independent instrument furnished to Lessor, that it will give Lessor thirty (30) days written notice to the effective date of any alteration or cancellation of such policy. The proceeds of such insurance payable as a result of loss of or damage to the Equipment shall be applied as set out in Section 9 hereof. Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payment of, and execute and endorse all documents, checks or drafts received in payment for loss or damage under any said insurance policies.

In case of the failure of Lessee to procure or maintain said insurance or to comply with any other provision of this Lease, Lessor shall have the right but shall not be obligated, to effect such insurance or compliance on behalf of Lessee. In that event, all monies spent by and expenses of Lessor in effecting such insurance or compliance shall be deemed to be additional Rent, and shall be paid by Lessee to Lessor upon demand.

11. LESSEE INDEMNITY. Lessee assumes liability for and shall indemnify, save, hold harmless (and, if requested by Lessor, defend) Lessor, it's officers, directors, employees, agents or assignees from and against any and all claims, actions, suits or proceedings of any kind and nature whatsoever, including all damages, liabilities, penalties, costs, expenses and legal fees (hereinafter "Claim(s)") based on, arising out of, connected with or resulting from this Lease of the Equipment, including without limitation the manufacture, selection, purchase, delivery, acceptance, rejection, possession, use, operation, ownership, return or disposition of the Equipment, and including without limitation Claims arising in contract or tort (including negligence, strict liability or otherwise), arising out of latent defects (regardless of whether the same are discoverable by Lessor or Lessee) or arising out of any trademark, patent or copyright infringement. If any Claim is made against Lessee or Lessor, the party receiving notice of such Claim shall promptly notify the other, but the failure of such person receiving notice so to notify the other shall not relieve Lessee of any obligation hereunder.

Without limiting the generality of the foregoing indemnities, Lessee shall indemnify and hold harmless the Lessor and its affiliates, directors, officers, employees and agents from and against any and all losses, damages, penalties, injuries, claims, actions and suites, including legal expenses, of whatsoever kind and nature, arising out of, based upon or with respect to any Environmental Claim relating to the delivery, lease, possession, maintenance, uses, condition, return, operation or ownership of the Equipment. As used herein, the term (i) "Environmental Claim" shall refer to any: (I) civil or administrative judgment, settlement, judicial or administrative order, directive, lien, fine, penalty or other assessment by any federal, state or local environmental authority, corrective action imposed or other obligation imposed under Environmental Law for the cleanup of releases or threatened releases of Hazardous Waste or for the reimbursement of federal, state or local environmental authorities for cost and expenses incurred in connection with the cleanup of releases or threatened releases of Hazardous Waste or requiring the Lessor to bring the Equipment into compliance with any applicable Environmental Law; or (II) judgment against or settlement with the Lessor by any person for personal injury damages arising out of exposure to Hazardous Waste; (ii) "Environmental Laws" means any federal, state or local laws and the

regulations promulgated thereunder relating to pollution or protection of the environment, including laws relating to the omissions, discharges, releases or threatened releases or Hazardous Wastes into the environment (including without limitation, ambient air, surface water, ground water or land), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Wastes; and (iii) "Hazardous Waste(s)" means hazardous substances, materials or wastes (including, without limitation, biologically hazardous or radioactive materials).

12. TAX INDEMNITY. Lessee acknowledges that (1) Lessor intends to claim and take the accelerated cost recovery deductions available in the manner and as provided by section 168 and related sections of the Internal Revenue Code of 1986, as amended, and regulations adopted thereunder (the "Code") as in effect on the date hereof (such deductions being referred to hereinafter as "Tax Benefits") and (2) the Rent payable hereunder has been computed upon the assumption that such Tax Benefits shall be available to Lessor. Lessee represents and warrants to Lessor that Lessor shall be entitled to take such Tax Benefits and that all of the Equipment is, at and after the time of delivery of the Equipment to the location set forth in the Schedules, new, unless designated otherwise on the Schedules. Lessee further represents and warrants that it has not, and will not, at any time from such delivery through the term of this Lease take any action or omit to take any action (whether or not the same is permitted or required hereunder) which will result in the loss by Lessor of all or any part of the Tax Benefits. For purposes of this Section 12, the term "Lessor" shall include the entity or entities, if any, with which Lessor consolidates its tax return.

13. RENEWAL. Lessee may renew each Schedule in accordance with its terms for any mutually agreeable period of time at a fair market value renewal rent payable on the first day of each month during the term of the renewal if Lessee gives notice thereof at least four (4) months prior to the then scheduled expiration of the Initial Term (including any renewal) and is not in default under such Schedule.

14. RETURN OF EQUIPMENT. Lessee shall give Lessor ninety (90) days written notice prior to the expiration of the Initial Term of its intent to return the Equipment. Upon expiration of the Initial Term or other termination pursuant to the terms of this Lease, Lessee shall immediately return the Equipment and all related accessories, to such place within the continental United States as is designated by Lessor. The Equipment shall, at Lessee's sole expense, be crated and shipped in accordance with the manufacturer's specifications, freight prepaid and properly insured. If the Equipment, upon its return, is not in good repair, condition and working order, ordinary wear and tear excepted, and has not been maintained in accordance with Section 5 hereof, Lessee shall promptly reimburse Lessor for all reasonable costs incurred to place the Equipment in such condition.

Lessee agrees that if for any reason the Equipment is returned to Lessor, prior to such return the Equipment shall be in a condition which is free from any Hazardous Wastes or residue. Lessee shall provide Lessor with a manifest from a certified industrial hygienist certifying the proper decontamination and cleaning of the Equipment in compliance with all federal, state and local laws and regulations.

15. AUTOMATIC RENEWAL. The Lease shall automatically extend for a renewal period of not less than sixty (60) days if; (a) written notice as specified in Sections 13 and 14 hereof is not received by Lessor; or (b) such notice is received by lessor but the Equipment is not returned upon the expiration of the Initial Term. Lessee shall pay as Rent to Lessor an amount based on the average monthly rent during the Initial Term on the due dates set out in the Schedules until terminated by either party by giving ninety (90) days prior written notice. All terms and conditions of this Lease shall continue in full force and effect during any extension or renewal hereof.

16. DEFAULT AND REMEDIES. (a) Lessee shall be in default hereunder if (i) Lessee fails to pay Rent or any other payment required hereunder within ten (10) days of the due date thereof, (ii) Lessee fails to observe, keep or perform any other term or condition of this Lease and such failure continues for twenty (20) days following receipt of written notice thereof from Lessor, (iii) any representation or warranty made by Lessee herein or in any document delivered to Lessor in connection herewith shall prove to be false or misleading, or (iv) Lessee defaults under any other obligation to Lessor. (b) If Lessee is in default, Lessor shall have the right to take any one or more of the following actions: (i) proceed by appropriate court action or actions at law or in equity to enforce performance by Lessee of the term and conditions of this Lease and/or recover damages for the breach thereof; and/or (ii) by written notice to Lessee, which notice shall apply to all Schedules hereunder except as specifically excluded therefrom by Lessor, declare due and payable, and Lessee shall without further demand, forthwith pay to Lessor an amount equal to any unpaid Rent then due as of the date of such notice plus, as liquidated damages or loss of the bargain and not as a penalty, an amount equal to the Stipulated Loss Value as set forth in the Schedules, and Lessee shall return the Equipment to Lessor as provided in Section 13. Should Lessee fail to return the Equipment within (5) days of receipt of such notice, Lessor may, personally, or by its agents, and with or without notice of legal process, enter upon the premises where the Equipment is located, without liability for trespass or other damages, and repossess the Equipment free from all claims by Lessee. Return or repossession of the Equipment shall not constitute a termination of this Lease unless Lessor so notifies Lessee in writing. With respect to Equipment returned to or repossessed by Lessor, if Lessor has not terminated this Lease, Lessor will, in such manner and upon such terms as Lessor may determine in its sole discretion, either sell such Equipment at one of more public or private sales or re-lease the Equipment. The proceeds of sale or re-lease shall be applied in the following order or priority: (i) to pay all Lessor's fees, costs and expenses for which Lessee is obligated pursuant to (c), below; (ii) to the extent not previously paid by Lessee, to pay Lessor its liquidated damages hereunder and all other sums then remaining unpaid hereunder, and (iii) to reimburse Lessee for any sums previously paid by Lessee to Lessor as liquidated damages; and (iv) any surplus shall be retained by Lessor. In the event the proceeds of sale or re-lease are less than the sum of the amounts payable under (i) and (ii), Lessee shall pay Lessor such deficiency, forthwith. The Proceeds of a credit sale or re-lease shall be discounted to their present value at the prime rate in effect at the inception of the Schedules plus four hundred (400) basis points (4%). (c) Lessee shall be liable for all legal and collection fees, costs and expenses arising from Lessee's default and the exercise of Lessor's remedies hereunder, including costs of repossessions, storage, repairs, reconditioning and sale or re-leasing of the Equipment. (d) In the event that any court of jurisdiction determines that any provision of this Section 16 is invalid or unenforceable in whole or in part, such determination shall not prohibit Lessor from establishing its damages sustained as a result of any breach of this Lease in any action or proceeding in which Lessor seeks to recover such damages. Any repossession or sale or re-lease of the Equipment shall not bar an action for damages for breach of this Lease, as hereinabove provided, and the bringing of an action or the entry of judgment against Lessee shall not bar Lessor's right to repossess the Equipment. No express or implied waiver by Lessor of any default shall in any way be, or be construed to be, a continuing waiver or a waiver of any future or subsequent default.

17. FURTHER ASSURANCES. Lessee agrees, at the request of Lessor, to execute and deliver to Lessor any financing statements, fixture filings or other instruments necessary for expedient filing, recording or perfecting the interest and title of Lessor in this Lease and the Equipment agrees that a copy of this Lease and any Schedule may be so filed, and agrees that all costs incurred in connection therewith (including, without limitation, filing fees and taxes) shall be paid by Lessee, and agrees to promptly, at Lessee's, expense, deliver such other documents and assurances, and take such further action as Lessor may request, in order to effectively carry out the intent and purpose of this Lease and Schedules. Additionally, Lessee agrees that where permitted by law, a copy of the financing statement may be filed in lieu of the original. Lessee shall, as soon as practicable, deliver to Lessor, Lessee's future quarterly and annual reports of financial condition, prepared in accordance with generally accepted accounting principles, in a manner

consistently applied; which Lessee represents and warrants shall fully and fairly present the true financial condition of Lessee. Lessee shall provide Lessor monthly with a statement that there has been no material adverse change in the financial condition of Lessee and that the Lessee is not in default under the Lease or any other loan agreement to which the Lessee is a party. Lessee's covenants, representations, warranties and indemnities contained in Section 8, 11, 12 and 20 are made for the benefit of Lessor and shall survive, remain in full force and effect and be enforceable after the expiration or termination of this Lease for any reason.

18. ACCEPTANCE OF EQUIPMENT: NON CANCELLABLE. Lessee's acceptance of the Equipment shall be conclusively and irrevocably evidenced by Lessee signing the Certificate of Acceptance in the form of Exhibit B attached hereto and upon acceptance, the Schedules shall be noncancelable for the Initial Term thereof. If Lessee cancels or terminates the Schedules after its execution and prior to delivery of the Equipment or if Lessee fails or refuses to sign the Certificate of Acceptance as to all or any part of the Equipment within a reasonable time, not to exceed five (5) days, after the Equipment has been delivered, in which event Lessee will be deemed to have cancelled the Schedule, Lessee shall automatically assume all of Lessor's purchase obligations for the Equipment and Lessee agrees to indemnify and defend Lessor from any claims, including any demand for payment of the purchase price for the Equipment, by the manufacturer or seller of the Equipment. In addition thereto, Lessee shall pay Lessor (a) all of Lessor's out-of-pocket expenses and (b) a sum equal to one percent (1%) of the total rents for the lease term as liquidated damages, the exact sum of which would be extremely difficult to determine and is reasonably estimated hereby, to reasonably compensate Lessor for credit review, document preparation, ordering equipment and other administrative expenses. Lessor may apply any advance Rent payments to sums due from Lessee under (a) and (b) above.

19. ASSIGNMENT. Lessee acknowledges and agrees that Lessor may, at any time, without notice to or consent of Lessee, assign its rights but not its obligations under this Lease and/or mortgage, or pledge or sell the Equipment. Such assignee or mortgagee (collectively the "Assignee") may re-assign this Lease and/or mortgage without notice to Lessee. Any such Assignee shall have and be entitled to exercise any and all rights and powers of Lessor under this Lease, but such Assignee shall not be obligated to perform any of the obligations of Lessor hereunder other than Lessor's obligation not to disturb Lessee's quiet and peaceful possession of the Equipment and unrestricted use thereof for its intended purpose during the term thereof and for as long as Lessee is not in default of any of the provisions hereof.

Without limiting the foregoing, Lessee further acknowledges and agrees that in the event Lessee receives written notice of an assignment from Lessor, Lessee will pay all Rent and any and all other amounts payable by Lessee under any Schedule to such Assignee or as instructed by Lessor, notwithstanding any defense or claim of whatever nature, whether by reason of breach of such Schedule or otherwise which it may now or hereafter have as against Lessor (Lessee reserving its right to make claims directly against Lessor). Lessee agrees to confirm in writing receipt of notice of assignment as may be reasonably requested by Assignee.

Lessee shall not be named as a defendant provided Lessee is not in default, in any foreclosure or other proceeding which may be instituted by such Assignee as to the Lease or the Equipment.

Lessee shall continue to deal exclusively with Lessor with respect to the matters covered by this Lease. Lessor shall at all times during the term of the Lease be specifically authorized by the Assignee to act on the Assignee's behalf in this regard, and shall execute or caused to be executed, by the Assignee any documents necessary or desirable to carry out the provisions of this Section or any other Section referred to herein.

20. REPRESENTATIONS AND WARRANTIES. Lessee represents and warrants to Lessor that: (i) the making of this Lease and any Schedule thereto executed by Lessee are duly

authorized on the part of Lessee and upon execution thereof by Lessee and Lessor they shall constitute valid obligations binding upon, and enforceable against, Lessee ; (ii) neither the making of this Lease or such Schedule, nor the due performance thereof by Lessee, including the commitment and payment of the Rent, shall result in any breach of, or constitute a default under, or violation of, Lessee's certificate of incorporation, by-laws, or any agreement to which Lessee is a party or by which Lessee is bound; (iii) Lessee is in good standing in its state of incorporation and in any jurisdiction where the Equipment is located, and is entitled to own properties and to carry on business therein; and (iv) no approval, consent or withholding of objection is required from any governmental authority or entity with respect to the entering into, or performance of this Lease or such Schedules by Lessee.

Lessee shall provide Lessor a Certified Copy of it's Corporate Resolutions and Certificate of Incumbency substantially in the form of Exhibit C attached hereto.

21. NOTICES. Any notice required or given hereunder shall be deemed properly given (i) three (3) business days after mailed first class, or certified mail, return receipt requested, postage prepaid, addressed to the designated recipient at its address set forth at the heading hereof or such other address as such party may advise by notice given in accordance with this provision or (ii) upon receipt by the party to whom addressed if given in writing by personal delivery, commercial courier service, telecopy or other means which provides a permanent record of the delivery of such notice.

22. LESSEE'S OBLIGATIONS UNCONDITIONAL: NO OFFSET. This Lease is a net lease and except as expressly provided for herein, the Lessee shall not be entitled to any abatement or reduction of rent and Lessee hereby agrees that Lessee's obligation to pay all rent and other amounts hereunder shall be absolute and unconditional under all circumstances.

23. COUNTERPARTS. Each Schedule may be executed in one or more counterparts, each of which shall be deemed an original as between the parties thereto, but there shall be a single executed original of each Schedule which shall be marked "Counterpart No. 1"; all other counterparts shall be marked with other counterpart numbers. To the extent, if any, that a Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code) no security interest in the Schedule may be created through the transfer or possession of any counterpart other than Counterpart No. 1. The Master Lease Agreement is incorporated by reference in each of the Schedules and shall not be chattel paper by itself.

24. SPECIAL TERMS. Lessee agrees that if Lessee hereafter desires to lease additional equipment and receives a bona fide commitment to lease such equipment from a third party, then Lessor shall have the right in its sole discretion, to lease such equipment to Lessee upon the same terms and conditions as are contained in such commitment.

25. GOVERNING LAW. This Lease and any Schedules thereto are entered into, under and shall be construed in accordance with, and governed by, the laws of the State of Wisconsin without giving effect to its conflicts of laws principles. The State of Wisconsin shall have exclusive jurisdiction over any action or proceeding brought to enforce or interpret this Lease or otherwise in connection therewith.

26. FAIR MARKET VALUE. As used herein, the term fair market value shall have the meaning set forth in the applicable Rental Schedule, but shall in all instances include an amount equal to all associated installation and deinstallation costs for the Equipment, if any.

27. MISCELLANEOUS. For purposes of this Lease, the term "Rent" as used herein shall mean and include all amounts payable by Lessee to Lessor hereunder. The captions of this Lease are for convenience only and shall not be read to define or limit the intent of the provision which follows such captions. This Lease contains the entire agreement and understanding between

Lessor and Lessee relating to the subject matter hereof. Any variation or modification hereof and any waiver of any of the provisions or conditions hereof shall not be valid unless in writing signed by an authorized representative of the parties hereto (initial) JPM. Any provision of this Lease which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Lessor's failure at any time to require strict performance by Lessee of any of the provisions hereof shall not waive or diminish Lessor's right thereafter to demand strict compliance therewith or with any other provision. The term "Lessee" as used herein shall mean and include any and all Lessees who have signed this Lease, each of whom shall be jointly and severally bound thereby.

THIS LEASE IS A NON-CANCELLABLE LEASE. THIS LEASE IS SUBJECT TO THE TERMS AND CONDITIONS WRITTEN ABOVE WHICH LESSEE ACKNOWLEDGES HAVING READ. THIS LEASE SHALL BE EFFECTIVE UPON EXECUTION BY LESSEE AND LESSOR.

LESSEE:	LESSOR:
Stericycle, Inc.	Ziegler Leasing Corporation
By: /s/ James S. Polark	By: /s/ John J. Burks
-----	-----
Title: VP	Title: CEO
-----	-----
Date Accepted: 2-11-94	Date Accepted: 2-11-94
-----	-----

EXHIBIT A

RENTAL SCHEDULE NO. _____

This Rental Schedule dated and effective as of the _____ day of _____, 19____, is attached to and governed by the terms and provisions of the Master Lease Agreement dated _____, 19____, ("Lease") by and between Ziegler Leasing Corporation ("Lessor") and _____ ("Lessee").

All the terms used herein which are defined in the Lease shall have the same meaning herein.

1. The Equipment leased hereunder is as follows:

New/Used	Quantity	Model Number and Description	Serial No.	Equipment
Location	Purchase Price			

SEE ATTACHED SCHEDULE A

TOTAL: \$

Lease Terms

Initial Term: _____ months Rental Commencement Date: _____
 Rent \$ _____ payable monthly in advance, plus applicable taxes

2. The Initial Term of the lease of the Equipment shall commence upon the Acceptance Date as indicated on the Certificate of Acceptance (the "Lease Commencement Date") and shall continue until expiration of the number of payment periods specified above after the Rental Commencement Date, which shall be the first day of the first month following the Lease Commencement Date. Lessee hereby authorizes Lessor to insert the Rental Commencement Date upon its receipt of the Certificate of Acceptance. Rent in the amount specified above, plus applicable taxes, shall be due on Rental Commencement Date and on the same day of each and every consecutive payment period thereafter for the Initial Term. All Rent shall be due and payable to Lessor at such place as Lessor shall designate in writing. Additionally, Lessee shall pay, as interim rent, due and payable monthly in advance, for the period from including the Lease Commencement Date to and including immediately preceding the Rental Commencement Date and as additional interim rent, a percentage of daily rent for the portion of invoices paid for the period from and including the date Lessor makes Payment to the vendor to and including the day preceding the Acceptance Date. The daily rent will be calculated on a 360 day year;

3. Stipulated Loss Values as set out on Exhibit I attached hereto and incorporated herein;

4. Options. Notwithstanding anything contained in the Lease to the contrary, so long as no default shall have occurred and be continuing, Lessee may, at Lessee's option, (i) purchase the Equipment leased pursuant to this Rental Schedule on an "as is, where is" basis, without representation or warranty, express or implied, at the end of the Initial Term at a price equal to the Fair Market Value, not to exceed 11% of the original Purchase Price thereof, plus applicable taxes, or (ii) extend the term of the Initial Term with respect to the Equipment leased pursuant to this Rental Schedule for the Fair Market Rental, plus applicable taxes, and for a period of time mutually

agreeable to Lessor and Lessee. "Fair Market Rental" shall be equal to the monthly rental which could be obtained in an arms-length transaction between an informed and willing lessee and an informed and willing lessor under no compulsion to lease. "Fair Market Value" shall be equal to the value which would be obtained in an arms-length transaction between an informed and willing buyer and an informed and willing Seller under no compulsion to sell, and in such determination, costs of removal of the Equipment from its location of current use shall not be a deduction from such value. If Lessee and Lessor cannot agree on the Fair Market Value thereof, such value shall be determined by appraisal at the sole expense of Lessee. Appraisal shall be a procedure whereby two recognized independent appraisers, one chosen by Lessee and one by Lessor, shall mutually agree upon the amount in question. If the appraisers are unable to agree upon the amount in question, a third recognized independent appraisers' evaluation shall be binding and conclusive on Lessee and Lessor. This purchase or extension option as applicable shall only be available if Lessee gives Lessor ninety (90) days prior written notice of Lessee's irrevocable intent to exercise such option and Lessor and Lessee shall have agreed to all terms and conditions of such purchase or extension prior to the expiration date of the Initial Term.

5. All options awarded to Lessee shall apply to all, but not less than all, Equipment leased hereunder.

6. Lessee and Lessor agree that in any event this Rental Schedule shall be deemed and construed to be a "Finance Lease" as defined by the Uniform Commercial Code as it applies to leases.

IN WITNESS WHEREOF, the parties hereto have caused this Rental Schedule to be duly executed on the date set forth below by their authorized representatives.

THIS RENTAL SCHEDULE CANNOT BE CANCELLED

Lessee:	Lessor:
_____	_____
By:	By:
_____	_____
Title:	Title:
_____	_____
Date:	Date:
_____	_____

EXHIBIT B

CERTIFICATE OF ACCEPTANCE

Rental Schedule No. _____

Dated _____, 19__

In compliance with the terms, conditions and provisions of the Master Lease Agreement dated ("Lease") by and between the undersigned ("Lessee") and Ziegler Leasing Corporation ("Lessor"), Lessee hereby:

(a) certifies and warrants that all Equipment described in the abovereferenced Rental Schedule (the "Equipment") has been delivered, inspected and fully installed, and has not previously been used or placed in service for its specifically assigned function for the first time prior to the Acceptance Date as indicated below;

(b) accepts all the Equipment for all purposes under the Lease and all attendant documents as of such Acceptance Date;

(c) restates and reaffirms, as of such Acceptance Date, each of the representations, warranties and covenants heretofore given to Lessor in the Lease.

(d) acknowledges and represents that it has reviewed and approves of all of the purchase documents for the Equipment, if any.

Lessor is hereby authorized to insert serial numbers on the Rental Schedule.

Lessor is hereby authorized to insert serial numbers on the Rental Schedule.

Acceptance Date: _____

Lessee: _____

By: _____

Title: _____

EXHIBIT C

CERTIFIED COPY OF CORPORATE RESOLUTIONS
AND CERTIFICATE OF INCUMBENCY

I, _____, DO HEREBY CERTIFY:

I am the (Asst.) Secretary of _____
(hereinafter called the "Corporation").

At a meeting of the Board of Directors of the Corporation, duly called and held on the day of _____ 19__, at which meeting a quorum was present and voted throughout, it was, upon motion, duly made and seconded, unanimously adopted:

RESOLVED, That the Corporation be and hereby is authorized enter into the Master Lease Agreement dated _____ and the Rental Schedules thereto ("Lease") between the Corporation and Ziegler Leasing ("Ziegler"), located at 215 N. Main Street, West Bend, WI 53095, that the officers of the Corporation whose names and titles appear below be authorized on behalf of the Corporation to make, execute, and deliver to Ziegler such other instruments as may be required or appropriate in connection therewith or thereto, with such changes therein as the officer executing such instruments on beh Corporation may approve, such approval to be conclusively evidenced by the execution thereof, and

RESOLVED FURTHER, That the officers of the Corporation whose names and titles appear below are hereby authorized and directed to do or cause to be done all such acts and things as may be necessary, advisable, convenient and proper in connection with the execution and delivery of the instruments authorized at this meeting to be entered into in connection with or incidental to the consummation and carrying to effect such Lease, including without limitation to the execution, acknowledgement and delivery of any and all instruments and documents that reasonably may be required of the Corporation under the Lease or may be supplemental thereto; and

RESOLVED FURTHER, That Ziegler may rely on these resolutions until the, same have been rescinded and notification thereof given in writing, said notification to be effective upon receipt by Ziegler Capital, Incorporated.

I DO FURTHER THAT the above resolutions have not been altered, amended, or repealed rescinded.

I DO FURTHER CERTIFY THAT the Corporation is duly organized and validly existing and in good standing under the laws of the State of _____ and is entitled to own properties and to carry on business in _____ and the jurisdictions where the is located.

I DO FURTHER CERTIFY THAT on this date the persons listed below are duly elected, authorized and acting incumbents of offices of the Corporation as indicated below; the names and the original signature of each such officer appears opposite thereof.

- -----	- -----
President	
- -----	- -----
Vice President	
- -----	- -----
Treasurer	

Secretary

IN WITNESS WHEREOF, the undersigned has caused this certificate to be
executed and the seal of the Corporation to be hereunto appended this ____ day
of _____, 19__.

(Asst.) Secretary

CORPORATE SEAL

RENTAL SCHEDULE NO. 150-10310-01

This Rental Schedule dated and effective as of the 11th day of February, 1994, is attached to and governed by the terms and provisions of the Master Lease Agreement No. 150-10310-01 dated February 11, 1994, ("Lease") by and between Ziegler Leasing Corporation ("Lessor") and Stericycle, Inc. ("Lessee").

All the terms used herein which we defined in the Lease shall have the same meaning herein.

1. The Equipment leased hereunder is as follows:

New-Used	Quantity and Description	Model Number	Serial No.	Equipment	Location	Purchase Price
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SEE ATTACHED SCHEDULE A

TOTAL- \$882,386.52

Lease Terms:

Initial Term: sixty (60) months Rental Commencement Date: March 1st, 1994
 Rent: twelve (12) consecutive payments of \$28,489.61 followed by forty eight (48) consecutive payments of \$14,682.91, each payable monthly in advance, plus applicable taxes

2. The Initial Term of the lease of the Equipment shall commence upon the Acceptance Date as indicated on the Certificate of Acceptance (the "Lease Commencement Date") and shall continue until expiration of the number of payment periods specified above after the Rental Commencement Date, which shall be the first day of the first month following the Lease Commencement Date. Lessee hereby authorizes Lessor to insert the Rental Commencement Date upon its receipt of the Certificate of Acceptance. Rent in the amount specified above, plus applicable taxes, shall be due on the Rental Commencement Date and on the same day of each and every consecutive payment period thereafter for the Initial Term. All Rent shall be due and payable to Lessor at such place as Lessor shall designate in writing. Additionally, Lessee shall pay, as interim rent, due and payable monthly in advance, for the period from and including the Lease Commencement Date to and including the day immediately preceding the Rental Commencement Date and as additional interim rent, a percentage of the daily rent for the portion of invoices paid for the period from and including the date Lessor makes a payment to the vendor to and including the day preceding the Acceptance Date. The daily rent will be calculated on a 360 day year;

3. Stipulate Loss Values as set out on Exhibit I attached hereto and incorporated herein;

4. Options. Notwithstanding anything contained in the Lease to the contrary, so long as no default shall have occurred and be continuing, Lessee may, at Lessee's option (i) purchase the Equipment leased pursuant to this Rental Schedule on an "as is, where is" basis, without representation or warranty, express or implied, at the end of the Initial Term at price equal to the Fair Market Value, not to exceed 11% of the original Purchase Price thereof, plus applicable taxes, or (ii) extend the term of the Initial Term with respect to the Equipment leased pursuant to this Rental Schedule for the Fair Market Rental, plus applicable taxes, and for a period of time mutually agreeable to Lessor and Lessee. "Fair Market Rental" shall be equal to the monthly rental which could be obtained in an arms-length transaction between an informed and willing lessee and an informed and willing lessor under no compulsion to lease. "Fair Market Value" shall be equal to the value which would be obtained in an arms-length transaction between an informed and willing buyer and an informed and willing seller under no compulsion to sell, and in such determination, costs of removal of the Equipment from its location of current use shall not be a deduction from such value. If Lessee and Lessor cannot agree on the Fair Market Value thereof, such value shall be determined by appraisal at the sole expense of Lessee. Appraisal shall be a procedure whereby two recognized independent appraisers, one chosen by Lessee and one by Lessor, shall mutually agree upon the amount in question. If the appraisers are unable to agree upon the amount in question, a third recognized independent appraisers' evaluation shall be binding and conclusive on Lessee and Lessor. This purchase or extension option as applicable shall only be available if Lessee gives Lessor ninety (90) days prior written notice of Lessee's irrevocable intent to exercise such option and Lessor and Lessee shall have agreed to all terms and conditions of such purchase or extension prior to the expiration date of the Initial Term.

5. All options awarded to Lessee shall apply to all, but not less than all, Equipment leased hereunder.

This is Counterpart Number 2. Only Counterpart Number 1 shall constitute Chattel Paper.

6. Lessee and Lessor agree that in any event this Rental Schedule shall be deemed and construed to be a "Finance Lease" as defined by the Uniform Commercial Code as it applies to leases.

IN WITNESS WHEREOF, the parties hereto have caused this Rental Schedule to be duly executed on the date set forth below by their authorized representatives.

THIS RENTAL SCHEDULE CANNOT BE CANCELLED

Lessee: Stericycle, Inc.	Lessor: Ziegler Leasing Corporation
By: /s/James S. Polark	By: /s/John J. Burks
-----	-----
Title: VP	Title: CEO
-----	-----
Date: 2-11-94	Date: 2-11-94
-----	-----

EXHIBIT I

STIPULATED LOSS OF VALUE SCHEDULE

TO

RENTAL SCHEDULE NO. 150-10310-01

The Stipulated Loss Value for the Equipment (or any item thereof) shall be determined by multiplying Equipment Cost (as set forth in the Rental Schedule) by the percentage amount shown below which corresponds with the month during the Initial Term in which the determination is to be made:

Mo of Initial Term	Percentage Amount	Mo of Initial Term	Percentage Amount
1	103.00	31	53.06
2	100.62	32	51.77
3	98.22	33	50.46
4	95.78	34	49.15
5	93.32	35	47.82
6	90.83	36	46.48
7	88.31	37	45.13
8	85.77	38	43.77
9	83.20	39	42.40
10	80.61	40	41.02
11	77.98	41	39.63
12	75.33	42	38.23
13	74.27	43	36.82
14	73.20	44	35.40
15	72.12	45	33.96
16	71.02	46	32.52
17	69.91	47	31.06
18	68.79	48	29.60
19	67.65	49	28.11
20	66.51	50	26.62
21	65.34	51	25.12
22	64.17	52	23.61
23	62.98	53	22.09
24	61.78	54	20.55
25	60.56	55	19.01
26	59.34	56	17.45
27	58.11	57	15.88
28	56.86	58	14.30
29	55.61	59	12.71
30	54.34	60	11.00

Lessee (initial):_____

Lessor (initial):_____

LESSEE: STERICYCLE, INC.		EQUIP. MGR'S. INT								
EQUIPMENT LOCATION: 14035 LEETSBIER RD., STURTEVANT, WI 53177										
DATE:	2/1/94	QTY	SERIAL NO.	PRICE/ UNIT	EXT./ PRICE	SUB-TOTAL	SHIP DATE	P.O. NO.	INVOICE NO.	INVOICE DATE
VENDOR	DESCRIPTION									
PSC, inc.	150 KW Dielectric Oven	1		267,250.00	267,250.00	267,250.00	8/20/91	RM9100038	698	8/20/91
PSC, inc.	Power Triode, RS3300CJ	1		14,020.60	14,020.60		6/17/93	YW930050	1644	6/17/93
	Rectifier Stack Assembly	4		742.00	2,968.00					
	Gas Blocking Capacitor	1		2,181.20	2181.20					
	Regulating Filament	1		1540.00	1540.00					
	Grid Resistor, 20 ohm/750W	2		64.70	129.40					
	Variable Capacitor, 40KV	1		2,282.00	2.282.00					
	Vacuum Filter Capacitor 100pF	2		145.60	291.20					
	Stainless Steel Water Pump	1		951.30	951.30					
	Plastic Filter Capacitor	1		177.80	177.80					
	High Voltage Resistor, 10M	2		39.80	79.60					
	DC Overload Relay, 13-40ADC	1		199.40	199.40					
	Feed-Thru Capacitor, 1500pF	2		809.35	809.35					
	Feed-Thru Capacitor, 150pF	1		127.95	127.95					
	Stainless Plate Choke	1		165.35	165.35					
	Grid Current Meter Relay	1		489.60	489.60					
	Filament Feed-thru Assembly	1		400.00	400.00					
	AB IEC Contactor, 12A	1		96.75	96.75					
	AB IEC Contactor, 18A	1		109.40	109.40					
	AB IEC Contactor, 24A	1		122.00	122.00					
	Reversing Contactor, 120VAC	1		55.80	55.80					
	Plug-In Relay, DPDT, 120VAC	2		18.10	36.20					
	AC Input Module	1		188.00	188.00					
	AC Output Module	1		295.30	295.30					
	Analog Input Module	1		534.20	534.20					
	Analog Output Module	1		382.70	382.70					
	Air Flow Switch, Diff. Pres.	1		56.85	56.85					
	Fuse, Class J, 3A	6		9.40	56.40					
	Fuse, Class J, 6A	6		9.40	56.40					
	Fuse, Class J, 25A	4		9.40	37.60	28,840.35				
Matthew's BPIPE	Complete Air trans. sys for hogging and bailing op's	1		118,000.00	118,000.00	118,000.00	9/11/93	YW930014	10904	9/11/91
Matthew's BPIPE	Auto-Tie Bailer	1		72,000.00	72,000.00	72,000.00		YW9300013	20996	6/10/93
Matthew's BPIPE	Special Feed in Chutes and Heads for Pre-shredder	1		980.00	980.00		1/28/93	YW930008	20992	1/28/93
	Special Drop Fittings from Secondary Collector	1		645.00	645.00					
	Special In-Feed Fittings from Out-Feed	1		615.00	615.00					
	Special In-Feed Hopper	1		1,385.00	1,385.00	3,625.00				
Matthew's BPIPE	Press Room Compactor	1		5,000.00	5,000.00	5,000.00	6/10/93	YW930010	20993	6/10/93
Matthew's BPIPE	Model 50 Xtra HDuty Spec. Mat. Handling Blower	1		4,500.00	4,500.00		6/10/93	YW9300011	20994	6/10/93
	Model 50 Xtra Heavy Fan Wheel, Balanced	1		1,850.00	1,850.00					
	2-15/16" Shaft 44" long	1		120.00	120.00					
	2-15/16" Dodge Double Interlock Pillow Bearings	2		280.00	560.00					
	40 HP 1800 RPM TEFC Lincoln Motor	1		1,020.00	1,020.00					
	Model 20 Xtra HDuty Spec. Mat. Handling Blower	1		1,500.00	1,500.00					
	Model 20 Xtra Heavy Fan Wheel, Balanced	1		450.00	450.00					
	1-7/16" Shaft 22" long	1		60.00	60.00					
	1-7/16" Dodge Double Interlock Pillow Bearings	2		110.00	220.00					
	7-1/2 HP 1800 RPM TEFC Lincoln Motor	1		242.00	242.00					

Conv. & Equip Thomas	Catalog Items	1	5,033.55	5,033.55	5,033.55	6/7/93	YW930045	6496	6/7/93
Conv. & Equip	Wall Mounted Shop Desk, Safety Guard Rail, Posts	1	766.00	766.00	766.00	6/29/93	YW930045	6533	6/29/93
Wingfield	Penn. Model 6400 Series Platform 500lb. Cap.	1	765.00	765.00		4/30/93	YW9300290	41274	4/30/93

LESSEE: STERICYCLE, INC.		EQUIP. MGR'S. INT								
EQUIPMENT LOCATION: 14035 LEETSBIER RD., STURTEVANT, WI 53177										
VENDOR	DATE 2/1/94 DESCRIPTION	QTY	SERIAL NO.	PRICE/ UNIT	EXT./ PRICE	SUB- TOTAL	SHIP DATE	P.O. NO.	INVOICE NO.	INVOICE DATE
	Penn. Model 5600 Digital Weight Indicator	1		1,010.00	1,010.00					
	Penn. Model 6600 Series Low-Profile	1		1,282.00	1,282.00					
	Penn. Model 5600 Digital Weight Indicator	1		733.00	733.00					
	Control Logic Model #CLC 608 (RL 260) Tape Printer	1		1,420.00	1,420.00	5,210.00				
Tri State Hydraulics	Dynex Hyd. Power Unit, 60 gal 30 hp motor	1		6,190.00	6,190.00		4/6/93	YW930016	76200	4/13/93
	Dynex Spare Pump	1		953.60	953.60	7,143.60				
Tri State Hydraulics	Glassport Hydraulic Compactor Cylinder	1		1,000.00	1,000.00	1,000.00	3/30/93	YW930016	21680	3/31/93
Tri State Hydraulics	Glassport Hydraulic Compactor Cylinder	1		1,000.00	1,000.00	1,000.00	3/3/93		21555	3/23/93
Elcon	Photo-Helic Enclosure	1		2,616.00	2,616.00	2,616.00	3/29/93	YW930022	ET1153	3/29/93
A&M Comp. Air Prod.	Leroi AirCompressor 10hp 120 gal	1		3,085.00	3,085.00		5/7/93	YW930028	8363	5/7/93
	Air-Cooled After Cooler	1		395.00	395.00					
	Ultra air Model UA45AC Dryer	1		1,110.00	1,110.00					
	UAP Prefilter	1		75.00	75.00					
	UAC Coalescing Filter	1		75.00	75.00					
	Y Strainer and Isolation Valve for Electric Drain System	1		165.00	165.00	4,905.00				
A&M Comp. Air Prod.	Electric Drain w/ Y Strainer	1		175.00	175.00	175.00	4/30/93	YW930028	8342	4/30/93
A&M Comp. Air Prod.	Reelcraft Hose Reels	3		565.00	1,695.00	1,695.00	7/29/93	YW930066	8873	7/29/93
Jonesboro Bearing	Primary Belt Cleaner	1		361.00	361.00		4/1/93	YW930030	80689	4/7/93
	Stainless Spring Mount Tensioner	2		205.50	411.00					
	Secondary Belt Cleaner	1		343.05	343.05	1,115.05				
Pronto/Davidson	Convertmatic 260B	1		4,165.00	4,165.00	4,165.00	6/10/93	YW930031	29446	6/11/93
Flapan Care Wash	Sherman Foamer	1		749.96	749.96	749.96	5/15/93	YW930032	18988-IN	5/15/93
Hydro-Tek	Hot Pressure Washer 110V Adjustable Temperature	1		2,396.00	2,396.00		3/22/93	YW930033	5329	4/27/93
		1		82.00	82.00	2,478.00				
Filtech	HEPA Holding Frames	16		96.00	1,536.00	1,536.00	5/14/93	YW930048	31494	5/14/93
Filtech	Heavy Duty Holding Frame	16		17.00	272.00	272.00	5/7/93	YW930048	31272	5/7/93
Ludlum Measurements	Alarm Ratemeter	3	102390 102390 102444	485.00	1,455.00		5/27/93	YW930051	72238	5/27/93
	177 Relay	3		100.00	300.00					
	44-9 Pancake G-M Pro	1	PR101637	175.00	175.00					
	44-2 Hi Energy Gam S	2	PR101635 PR101638	360.00	720.00					
	M 3 Survey Meter	1	102444	350.00	350.00					
	44-2 hi Energy Gam S	1	PR101639	360.00	360.00	3,360.00				
H.H. West Co.	File, Lateral 42" wide grey	1		489.00	489.00	489.00	7/1/93	YW930056	802678	7/1/93
H.H. West Co.	Stacker Chair	8		58.00	464.00	464.00	7/1/93	YW930056	802682	7/1/93
H.H. West Co.	Liturature Organizer	1		117.00	117.00	117.00	7/1/93	YW930056	802684	7/1/93
H.H. West Co.	Workstation 30x60	4		308.00	1,232.00		7/1/93	YW930056	802680	7/1/93

LESSEE: STERICYCLE, INC.		Equip. Mgr's. Int								
EQUIPMENT LOCATION: 14035 LEETSBIR RD., STURTEVANT, WI 53177										
DATE: 2/1/94		QTY	SERIAL NO.	PRICE/ UNIT	EXT./ PRICE	SUB-TOTAL	SHIP DATE	P.O. NO.	INVOICE NO.	INVOICE DATE
VENDOR	DESCRIPTION									
	Pedestal, 3-drawer, 25"	4		275.00	1,100.00	2,332.00				
H.H. West Co.	Gray Storage Cabinet	1		130.00	130.00		7/1/93	YW930056	802683	7/1/93
	Wardrobe Cabinet	1		108.00	108.00	238.00				
H.H. West Co.	File Lateral 42" Wide	7		489.00	3,423.00		7/1/93	YW930056	802679	7/1/93
	30x60 Desk Dbl Ped	1		333.00	333.00					
	30x66 Desk, Sngl Ped	2		318.00	636.00					
	24x48 return, Sngl ped	2		206.00	412.00					
	Center Drw Lt Grey	2		41.00	82.00					
	Drawer, Center Grey	1		40.00	40.00					
	36x72 Desk, Sngl Ped	2		392.00	784.00					
	24x72 Credenza, Sngl Ped	2		328.00	656.00					
	24x48 Bridge	2		104.00	208.00					
	Wood Center Drawer 22"w	2		55.00	110.00					
	Lateral File 36"w 2dr.	2		310.00	620.00					
	30x60 Desk D-Ped	2		245.00	490.00					
	Credenza, Gy, 20x60	2		215.00	430.00					
	Center Drawer 22"w	2		55.00	110.00					
	End Table	1		94.00	94.00					
	Coffee Tbl, 48x20x16	1		103.00	103.00					
	Bookcase/47"/Grey	3		111.00	333.00					
	26.5 file w/lock/lt gray	5		178.00	890.00					
	Steno Chair grade 4	7		131.00	917.00					
	Guest Chair w/ arms	2		99.00	198.00					
	Conf. Chair w/ arms	10		215.00	2,150.00					
	Guest Chair w/ arms	4		145.00	580.00					
	Guest Chair w/ arms	4		154.00	616.00					
	Steno Chair	2		195.00	390.00					
	Arm Kit	2		25.00	50.00					
	Exec. Highback Chair	2		319.00	638.00	15,293.00				
H.H. West Co.	Conf. Table Classic Oak	1		410.00	410.00		7/1/93	YW930056	802681	7/1/93
	Video Unit 18"D x 48"W	1		302.00	302.00					
	Wall Cabinet 48" x 48"	1		368.00	368.00					
	42" Dia. Table	2		140.00	280.00	1,360.00				
O'Brien Engineering	B&G Model 60-21T Pumps w/ 2HP Motors	2		1,144.00	2,288.00	2,288.00	5/26/93	YW930060	21699	6/7/93
O'Brien Engineering	B&G Model 60-21T Pump w/ 2HP Motor	1		1,144.00	1,144.00	1,144.00	6/30/93	YW930060	21742	7/16/93
WW Grainger	Gas Powered Sweeper	1		3,397.50	3,397.50	3,397.50	6/8/93	YW930060	1461103416	6/8/93
Lucky Electric Supply	C-H Size 1 Bucket w/ Door	2		630.00	1,260.00	1,260.00	7/16/93	YW930090	80126	7/16/93
Lucky Electric Supply	H2004A-3 Heater Pack	1		18.74	18.74		7/16/93	YW930090	80125	7/16/93
	H2005A-3 Heater Pack	1		18.74	18.74					
	90 Amp Breaker	1		315.32	315.32					
	Amber Lenses	8		2.90	23.20					
	Unibit	1		36.55	36.55					
	Term Blocks	30		0.57	17.17	429.72				
Lucky Electric Supply	Encl. W/ BP	1		138.00	138.00		7/13/93	YW930090	80002	7/13/93
	Ind Light	26		41.64	1,082.64					
	Red Lens	13		2.90	37.70					

LESSEE: STERICYCLE, INC.

EQUIP. MGR'S. INT _____

EQUIPMENT 14035 LEETSBIR RD.,
LOCATION: STURTEVANT, WI 53177

DATE:	2/1/94	QTY	SERIAL	PRICE/	EXT./	SUB-	SHIP	P.O.	INVOICE	INVOICE
VENDOR	DESCRIPTION		NO.	UNIT	PRICE	TOTAL	DATE	NO.	NO.	DATE
	Green Lens	13		2.90	37.70					
	Buch Term	40		1.00	40.00					
	Buch Term Ends	2		0.57	1.15					
	Phenolic Leg Plate Custom	19		3.00	57.00	1,394.19				
The Narda Microwave	Radiation Tester/Model 8810	1		2,500.00	2,500.00	2,500.00				
Bigelow Refriger- ation	10x12x8 walk-in cooler 1- 1 1/2HP rooftop unit	1		6,515.88	6,515.88	6,515.88	6/3/93	YW930055	8064	6/3/93
AT&T	4 Pair Wiring	13		20.00	260.00		8/14/93			
	Merlin BIS 10 Teleset	8		263.60	2,108.80					
	Merlin BIS 22 Display Teleset	2		330.56	661.12					
	Merlin BIS 34 Display Teleset	1		374.68	374.68					
	PagePac 20 Watt Modular Control Unit	1		396.72	396.72					
	Volume Control	1		13.22	13.22					
	Merlin + R2 Cont Unit	1		1,388.52	1,388.52					
	4LN Expan Module	1		603.90	603.90					
	Merlin Sta Expander	1		462.84	462.84					
	SPT15A Horn/Transfmr	2		90.00	180.00	6,449.80				
	SCHEDULE TOTAL					882,386.52				

LINC VENTURE LEASE PARTNERS II, L.P.	LINC Venture Lease Partners II, L.P.
MASTER LEASE AGREEMENT	303 East Wacker Drive
This is a counterpart number	Chicago, Illinois 60601
2 of 2 serially	(312) 467-5500
numbered, manually executed	
counterparts.	

STERICYCLE, INC. and	
Lessee: STERICYCLE OF ARKANSAS, INC.	Master Lease Agreement No. 5244
3501 Algonquin Road	
Address: Rolling Meadows, Illinois 60008	Date: March 14, 1991

LINC Venture Lease Partners II, L.P. ("Lessor") hereby leases to Lessee and Lessee leases from Lessor, in accordance with the terms and conditions hereinafter set forth, the equipment and property together with all replacement parts, additions, accessories, alterations and repairs incorporated therein or now or hereafter affixed thereto (herein collectively referred to as the "Equipment") described in the Equipment Schedules attached hereto and in any other Equipment Schedules which may be executed by Lessor and Lessee from time to time ("Schedule" or "Schedules"), all of which are made a part hereof. For all purposes of this Master Lease Agreement ("Lease"), each Schedule relating to one or more items of Equipment shall be deemed a separate lease incorporating all of the terms and provisions of this Lease. In the event of a conflict between the terms of this Lease and the terms and conditions of a Schedule, the terms and conditions of the Schedule shall govern and control that Schedule.

1. Term and Rental

The term of this Lease for any item of Equipment shall be set forth in the Schedule relating to such item of Equipment and shall commence (the "Commencement Date") on the Acceptance Date, which shall be the applicable of: (1) the date of delivery of the Equipment to Lessee; (2) in the case of Equipment which is the subject of a sale and leaseback between Lessor and Lessee, the date upon which Lessor purchases such Equipment from Lessee; or (3) in the case of Equipment requiring installation, the date determined to be the date of installation of the Equipment. If the Acceptance Date is other than the first day of a calendar month, then the Minimum Lease Term shall commence on the first day of the calendar month following the month which includes the Acceptance Date and Lessee shall pay to Lessor on such date, in addition to all other sums due hereunder, an amount equal to one-thirtieth of the amount of the first monthly rental payment due or to become due hereunder multiplied by the number of days from and including the Acceptance Date to the Commencement Date of the Minimum Lease Term set forth in the Schedule. Lessee agrees to pay the total rental for the entire term hereof on the terms and conditions set forth herein, which shall be the total amount of all rental payments set forth in the Schedule, plus such additional amounts as may become due hereunder or pursuant to any written modification hereof or additional written agreement hereto. Except as otherwise specified in the Schedule, rental payments hereunder shall be monthly and shall be payable in advance within five days of the first day of each month during the term of this Lease beginning with the Commencement Date of the Minimum Lease Term and shall be sent to the address of the Lessor specified in this Lease or in the Schedule or as otherwise directed by the Lessor in writing. Rental payments or any other payments due hereunder not made on or before the due date shall be overdue and shall be subject to a service charge in an amount equal to one and one-half percent (1.5%) per month of the overdue payments (the "Service Charge Rate"). If Lessor shall at any time accept rent after it shall become due, such acceptance shall not constitute or be construed as a waiver of any or all of Lessor's rights hereunder, including without limitation those rights of Lessor set forth in Sections 12 and 13 hereof.

2. Title

This is an agreement of lease only. Lessee shall have no right, title or interest in or to the Equipment leased hereunder, except the express interest hereunder of Lessee as a lessee to maintain possession and use of the Equipment for the term of this Lease. All of the Equipment shall remain personal property (even though said Equipment may hereafter become attached or affixed to realty) and the title thereto shall at all times remain in Lessor or its assignees

exclusively. All replacement parts, modifications, repairs, alterations, additions and accessories incorporated in or affixed to the Equipment (herein collectively called "additions" and included in the definition of "Equipment"), whether before or after the Commencement Date, shall become the property of Lessor upon being so incorporated or affixed, and shall be returned to Lessor as provided in Section 3. Upon the request of Lessor, Lessee will affix to the Equipment, labels or other markings supplied by Lessor indicating its ownership of the Equipment, and shall keep the same affixed for the entire term of this Lease. Lessor is hereby authorized by Lessee, at Lessee's expense, to cause this Lease or any statement or other instrument in respect thereto, showing the interest of Lessor in the Equipment, to be filed or recorded, or refiled or re-recorded, with any governmental agency deemed appropriate by Lessor. Lessee agrees to promptly execute and deliver, or cause to be executed and delivered, to Lessor any statement or instrument requested by Lessor for the purpose of showing Lessor's interest in the Equipment, including, without limitation, financing statements, security agreements, and waivers with respect to rights in the Equipment from any owners or mortgagees of any real estate wherein the Equipment may be located. If any item of Equipment includes computer software, Lessee shall execute and deliver and shall cause Seller to deliver all such documents as Lessor deems necessary to effectuate assignment of all applicable software licenses to Lessor. Lessee shall at its expense (i) indemnify, protect and defend Lessor's title to the Equipment from and against all persons claiming against or through Lessee, (ii) at all times keep the Equipment free from any and all liens, encumbrances, attachments, levies, executions, burdens, charges or legal process of any and every type whatsoever, (iii) give Lessor immediate written notice of any matter described in clause (ii), and (iv) indemnify, protect and save Lessor harmless from any loss, cost or expense (including reasonable attorneys' fees) caused thereby with respect to any of the foregoing.

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3. Acceptance and Return of Equipment

Lessor shall, at any time prior to unconditional acceptance by Lessee of all items of Equipment listed on any Schedule, have the right to terminate this Lease with respect to such Schedule and if the Equipment or any portion thereof has not theretofore been delivered, Lessor may refuse to pay for the Equipment or any portion thereof or to cause the same to be delivered, if there shall be, in the reasonable judgment of Lessor, a material adverse change in the financial condition or credit standing of Lessee or of any guarantor of Lessee's performance under this Lease since the date of the most recent financial statements furnished by Lessee or of such guarantor submitted to Lessor which may, in the reasonable judgment of Lessor, materially impair Lessee's ability to make rental or other payments required hereunder. Upon any termination by Lessor pursuant to this Section or the provisions of any Schedule, Lessee shall forthwith reimburse to Lessor all sums paid by Lessor with respect to such Equipment and any interest due hereunder in connection with such Equipment or the actual or proposed purchase thereof and shall pay to Lessor all other sums then due under such Schedule, whereupon if Lessee is not in default and has then fully performed all of its obligations hereunder, Lessor will, upon request of Lessee, transfer to Lessee without warranty or recourse any rights that Lessor may then have with respect to such Equipment. Lessee agrees to promptly execute and deliver to Lessor (in no event later than 15 days after the Acceptance Date) a confirmation by Lessee of unconditional acceptance of the Equipment in the form supplied by Lessor (the "Equipment Acceptance"). Lessee agrees, before execution of the aforesaid Equipment Acceptance, to inform Lessor in writing of any defects in the Equipment, or in the installation thereof, which have come to the attention of Lessee or its agents and which might give rise to a claim by Lessee against the Seller or any other person. If Lessee fails to do so, it shall be deemed an acknowledgment by Lessee (for purposes of this Lease only) that no such defects in the Equipment or its installation exist to the knowledge of Lessee or its agents and it shall be conclusively presumed, as between Lessor and its assignees and Lessee, that such Equipment has been unconditionally accepted by Lessee for Lease hereunder. Upon expiration or the earlier termination of the Lease with respect to any Equipment, Lessee shall, at its own expense and with ninety (90) days prior written notice to Lessor, assemble, crate, insure and deliver all of the Equipment and all of the service records and all software and software documentation subject to this Lease and any Schedules hereto to Lessor in the same condition and repair as

when received, reasonable wear and tear resulting only from proper use thereof excepted, to such reasonable destination within the continental United States as Lessor shall designate. Lessee shall, immediately prior to such return of each item of Equipment, provide to Lessor a letter from the manufacturer of the equipment or another service organization reasonably acceptable to Lessor certifying that said item is in good working order, reasonable wear and tear resulting only from proper use thereof excepted, is eligible for a maintenance agreement by such manufacturer, if generally available, and any necessary and applicable state or federal licenses, certifications or approvals, including but not limited to those required by environmental protection agencies and/or nuclear regulatory agencies, and all applicable software is included thereon. If any software requires relicensing when removed from Lessee's premises, Lessee shall bear all costs of such relicensing. If Lessee fails for any reason to re-deliver the Equipment back to Lessor in accordance with the terms set forth above, Lessee shall pay to Lessor, at Lessor's election, an amount equal to the highest monthly payment set forth in the Schedule for a period of not less than three (3) months and at the end of such period of time, Lessee shall return the Equipment to Lessor as provided in the Schedule. If Lessee fails or refuses to return the Equipment as provided herein at the end of any renewal period, Lessee shall pay to Lessor, at Lessor's option, an amount equal to one hundred twenty percent (120%) of the highest monthly payment set forth in the Schedule for each month or portion thereof, until Lessee so returns the Equipment to Lessor.

4. Disclaimer of Warranties

Lessee has exclusively selected and chosen the type and quality of the Equipment herein leased and the vendor, dealer, seller, manufacturer or supplier thereof (herein collectively called "Seller"), as set forth in the Schedules. Lessor makes no warranty, either express or implied, as to any matter whatsoever, including without limitation, the condition of the Equipment, its merchantability or its fitness, adaptability or suitability for any particular purpose, and as to Lessor, Lessee leases, hires and rents the Equipment "as is." Lessee understands and agrees that neither the Seller, nor any agent of the Seller, is an agent of Lessor or is in any manner authorized to waive or alter any term or condition of this Lease. Lessor shall not be liable for any loss or damage suffered by Lessee or by any other person or entity, direct or indirect or consequential, including, but not limited to, business interruption and injury to persons or property, resulting from non-delivery or late delivery, installation, failure or faulty operation, condition, suitability or use of the Equipment leased by Lessee hereunder, or for any failure of any representations, warranties or covenants made by the Seller. Any claims of Lessee shall not be made against Lessor but shall be made, if at all, solely and exclusively against the Seller, or any persons other than the Lessor. Lessor hereby authorizes Lessee to enforce during the term of this Lease, in its name, but at Lessee's sole effort and expense, all warranties, agreements or representations, if any, which may have been made by the Seller to Lessor or to Lessee, and Lessor hereby assigns to Lessee solely for the limited purpose of making and prosecuting any such claim, all rights which Lessor has against the Seller for breach of warranty or other representation respecting the Equipment.

5. Care, Transfer and Use of Equipment

Lessee, at its own expense, shall maintain the Equipment in good operating condition, repair and appearance in accordance with Seller's specifications and in compliance with all applicable laws and regulations and shall protect the Equipment from deterioration except for reasonable wear and tear resulting only from proper use thereof. When generally offered, Lessee shall, at its expense, keep a maintenance contract in full force and effect, throughout the term of this Lease and any Schedule hereto. The disrepair or inoperability of the Equipment regardless of the cause thereof shall not relieve Lessee of the obligation to pay rental hereunder. Lessee shall not make any material modification, alteration or addition to the Equipment that would impair operation of the Equipment for its intended use (other than normal operating accessories or controls). Lessee will not, and will not permit anyone other than the authorized field engineering representatives of the Seller or other maintenance organization reasonably acceptable to Lessor to effect any inspection, adjustment, preventative or remedial

maintenance or repair to the Equipment. Lessee may not (a) relocate or operate the Equipment at locations other than the premises of the Lessee specified in the Schedule (the "Premises"), except with Lessor's prior written consent, which shall not be unreasonably withheld if such other location is within the continental United States, or (b) sell, convey, transfer, encumber, part with possession of, assign or sublease, any item of Equipment or any of its rights hereunder, and any such purported transaction shall be null and void and of no force or effect. In the event of a relocation of the Equipment or any item thereof to which Lessor consents, all costs (including any additional property taxes or other taxes and any additional expense of insurance coverage) resulting from any such relocation, shall be promptly paid by Lessee upon presentation to Lessee of evidence supporting such cost. No relocation or sublease permitted hereunder shall relieve Lessee from any of its obligations under this Lease and any Schedule hereto. Lessor shall have the right during normal hours upon reasonable notice to Lessee, subject to applicable laws and regulations, and all of Lessee's safety procedures and other applicable state or federal safeguards, to enter Lessee's Premises where the Equipment is located in order to inspect, observe, affix labels or other markings, or to exhibit the Equipment to prospective purchasers or future lessees thereof, or to otherwise protect Lessor's interest therein.

6. Net Lease

This Lease and any Schedule hereto is a net lease, and all payments hereunder are net to Lessor. All taxes, assessments, licenses, and other charges (including, without limitation personal property taxes and sales, use and leasing taxes and penalties and interest on such taxes) imposed, levied or assessed on the ownership, possession, rental or use of the Equipment during the term of this Lease and any Schedule hereto (except for Lessor's federal or state net income taxes) shall be paid by the Lessee before the same shall become delinquent, whether such taxes are assessed or would ordinarily be assessed against Lessor or Lessee. To the extent possible under applicable law, for personal property or ad valorem tax return purposes only, Lessee shall include the Equipment on such returns as may be required, which returns shall be timely filed by it. In any event, Lessee shall file all tax returns required for itself or Lessor and Lessor hereby appoints Lessee as its attorney-in-fact for such purpose. In case of failure of Lessee to so pay said taxes, assessments, licenses or other charges, Lessor may pay all or any part of such items, in which event the amount so paid by Lessor including any interest or penalties thereon and reasonable attorneys' fees incurred by Lessor shall be immediately paid by Lessee to Lessor as additional rental hereunder. Lessee shall promptly pay all costs, expenses and obligations of every kind and nature incurred in connection with the use or operation of the Equipment which may arise or become due during the term of this Lease and any Schedule hereto, whether or not specifically mentioned herein.

7. Indemnity

Lessee shall and does hereby agree to indemnify, defend and save Lessor and its assigns harmless of and from any and all liability, loss, cost (including but not limited to costs of identification, removal, remediation and disposal of Hazardous Materials (as defined hereinafter) and all reasonable costs associated with determining whether the Facility and the Equipment are in compliance and causing compliance with all environmental laws, rules and regulations), injury, damage (including but not limited to all damages to persons, property, the Equipment or natural resources), demand and expense (including without limitation, reasonable attorneys' fees, consultant's fees and laboratory costs) of any kind whatsoever arising out of, on account of, or in connection with this Lease, the Equipment leased hereunder and the transactions contemplated hereby, including, without limitation, the manufacture, selection, purchase, delivery, installation, ownership, possession, leasing, renting, operation, control, use, maintenance and the return of the Equipment. This indemnity shall survive the term or earlier termination of this Lease and any Schedule hereto.

In addition to and without limitation of all other representations, warranties and covenants made by Lessee under the Lease, Lessee further represents, warrants and covenants that Lessee has not used and will not use Hazardous Materials on, from, or affecting the Equipment and the

Facility in any manner which violates federal, state or local laws, ordinances, rules, regulations, or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and that, to the best of Lessee's knowledge, no prior owner of the Equipment and the Facility or any tenant, subtenant, prior tenant or prior subtenant have used or will use Hazardous Materials on, from, or affecting the Equipment and the Facility in any manner which violates federal, state or local laws, ordinances, rules, regulations or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling production or disposal of Hazardous Materials. Lessee is in compliance with all requirements of the Illinois Responsible Property Transfer Act (Ill. Ann. Stat. Ch. 30, Sec. 901 et seq.) and with any other law, ordinance, rule or regulation including but not limited to the following, as applicable: Ark. Code Ann. Ch. 8, Secs. 7-201, et seq., 7-401 et seq. and 7-501 et seq.; Title VIII Ark. Environ. Law, Chs. 1-8. Lessee shall, at Lessee's expense, keep or cause the Equipment and the Facility to be kept free of Hazardous Materials except to the extent that the intended use of any particular item of equipment requires contact with Hazardous Materials. Without limiting the foregoing, Lessee shall not cause or permit the Equipment and the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable federal, state and local laws or regulations, nor shall Lessee cause or permit, as a result of any intentional or unintentional act or omission on the part of Lessee or any tenant or subtenant, a release (which release is not in compliance with applicable state or federal government regulation or manufacturer specification) of Hazardous Materials onto the Equipment and the Facility or onto any other property. Lessee shall comply with and ensure compliance by all tenants and subtenants with all applicable federal, state and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. Lessee shall, (a) at no cost to Lessor, conduct and complete all investigations, studies, sampling, testing and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from or affecting the Equipment and the Facility (i) in accordance with all applicable federal, state and local laws, ordinances, rules, regulations and policies and (ii) in accordance with the orders and directives of all federal, state and local governmental authorities, and (b) defend, indemnify and hold harmless Lessor from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (i) the presence, disposal, release or threatened release of any Hazardous Materials which are on, from or affecting the soil, water, vegetation, buildings, personal property, persons, animals, natural resources or otherwise; (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, and/or (iii) any violation of laws, orders, regulations, requirements or demands of government authorities, which are based upon or in any way related to such Hazardous materials including, without limitation, reasonable attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses. In the event the Lease is terminated prior to the expiration of the Minimum Lease Term, or if there occurs an event of default under the Indenture such that the Mortgage executed pursuant thereto is foreclosed, Lessee shall deliver the Equipment and the Facility free of any and all Hazardous Materials so that the conditions of the Equipment and the Facility shall conform with all applicable federal, state and local laws, ordinances, rules or regulations affecting the Equipment and the Facility. For purposes of this paragraph, "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials including, without limitation, petroleum, its derivatives, fractions, by-products or other hydrocarbons defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et. seq.), the Clear Water Act (33 U.S.C. Sections 1321 et. seq.), the Clean Air Act (42 U.S.C. Sections 7401, et seq.), the Toxic Substances Control Act (15 U.S.C. Sections 2601, et. seq.) the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801 et. seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et. seq.), Federal Insecticide, Fungicide, Rodenticide Act (7 U.S.C. Sections 136, et. seq.), Environmental

Protection Act (5 U.S.C. Section 903 et seq.); Atomic Energy Act of 1954, as amended (42 U.S.C. Section 2011 et seq.); Toxic Substances Act (15 U.S.C. Section 2601 et seq.); and in the regulations adopted and publications promulgated pursuant thereto, or any other Federal, state or local environmental law, ordinance, rule or regulation. The provisions of this paragraph shall be in addition to any and all other obligations and liabilities Lessee may have to Lessor at common law, and shall survive the termination of this Lease.

8. INSURANCE

Commencing on the date that risk of loss or damage passes to Lessor from the Seller and continuing until Lessee has re-delivered possession of the Equipment to Lessor, Lessee shall, at its own expense, keep the Equipment (including all additions thereto) insured against all risks of loss or damage from every and any cause whatsoever in such amounts (but in no event less than the greater of the replacement value thereof or the amount set forth in the applicable Casualty Schedule, whichever is higher) and in such form as is satisfactory to Lessor. All such insurance policies shall protect Lessor and Lessor's assignee(s) as loss payees as their interests may appear. Lessee shall also, at its own expense, carry public liability insurance, with Lessor and Lessor's assignee(s) as an additional insured, in such amounts with such companies and in such form as is satisfactory to Lessor, with respect to injury to person or property resulting from or based in any way upon or in any way connected with or relating to the installation, use or alleged use, or operation of any or all of the Equipment, or its location or condition. Lessee shall deliver to Lessor, prior to payment for any item of Equipment, satisfactory evidence of such insurance, and shall further deliver evidence of renewal of each such policy not less than 30 days prior to expiration thereof. Each such policy shall contain an endorsement providing that the insurer will give Lessor not less than thirty (30) days' prior written notice of the effective date of any alteration, change, cancellation, or modification of such policy, or the failure by Lessee to timely pay all required premiums, costs or charges with respect thereto. Upon Lessor's request, Lessee shall cause its insurance agent(s) to execute and deliver to Lessor Loss Payable Clause Endorsement and Additional Insured Endorsement (bodily injury and property damage liability insurance) forms provided to Lessee by Lessor. In case of the failure to procure or maintain such insurance, Lessor shall have the right, but not the obligation, to obtain such insurance and any premium paid by Lessor shall be immediately due and payable by Lessee to Lessor as additional rent hereunder. The maintenance of any policy or policies of insurance pursuant to this Section shall not limit any obligation or liability of Lessee pursuant to Section 7, Section 9 or any other provision of this Lease and any Schedule hereto.

9. RISK OF LOSS

Until such time as the Equipment is returned and delivered to and accepted by Lessor, pursuant to the terms of this Lease and any Schedule hereto, Lessee hereby assumes and shall bear the entire risk of loss, damage, theft and destruction of the Equipment, or any portion thereof, from any cause whatsoever, commencing with delivery of such Equipment to Lessee ("Equipment Loss"). Without limitation of the foregoing, no Equipment Loss shall relieve Lessee in any way from its obligations hereunder. Lessee shall promptly notify Lessor in writing of any Equipment Loss. In the event of any such Equipment Loss, Lessee shall; (a) in the event Lessor determines such Equipment to be repairable, promptly place, at Lessee's expense, the Equipment in good repair, condition and working order similar to that immediately prior to the Equipment Loss in accordance with Seller's specifications and to the satisfaction of Lessor; or (b) in the event of an actual or constructive total loss of any item of Equipment, as Lessee and Lessor shall jointly determine: (i) promptly replace, at Lessee's expense, the Equipment with like equipment of the same or a later model with the same additions as the Equipment, and in good repair, condition and working order in accordance with the Seller's specifications and to the satisfaction of Lessor; or (ii) immediately pay to Lessor the amount specified in the applicable Casualty Schedule made a part of this Lease or any Schedule hereto or, in its absence, an amount equal to the total amount of applicable unpaid rentals due and to become due hereunder during the term hereof, plus an additional amount equal to the fair market value of the Equipment immediately prior to the loss, theft, damage, or destruction, but in no event

shall the amount of such fair market value be less than twenty percent (20%) of the actual cost of the Equipment. In the event Lessee is required to repair or replace any such item of Equipment pursuant to Subsections (a) or (b)(i) of the preceding sentence, the insurance proceeds received by Lessor, if any, pursuant to Section 8, after the use of such funds to pay any unpaid amounts then due hereunder, shall be paid to Lessee or, if applicable, to a third party repairing or replacing the Equipment upon Lessee's furnishing proof satisfactory to the Lessor that such repair or replacement has been completed in a satisfactory manner. In the event Lessor elects option (b)(ii), Lessee shall be entitled to a credit against the payment required by said Subsection in an amount equal to such insurance proceeds actually received by Lessor pursuant to Section 8 on account of such Equipment, and, upon payment by Lessee to Lessor of all of the sums required pursuant to Subsection (b)(ii), the applicable Schedule shall terminate with respect to such item of Equipment and Lessee shall be entitled to whatever interest Lessor may have in such item "as is," "where is" and "with all faults" in its then condition and location without warranties of any type whatsoever, express or implied.

10. COVENANTS OF LESSEE

Lessee agrees that its obligations under this Lease and any Schedule hereto including, without limitation the obligation to pay rental, are irrevocable and absolute, shall not abate for any reason whatsoever (including any claims against Lessor), and shall continue in full force and effect regardless of any inability of Lessee to use the Equipment or any part thereof for any reason whatsoever including, without limitation, war, act of God, storms, governmental regulations, strike or other labor troubles, loss, damage, destruction, disrepair, obsolescence, failure of or delay in delivery of the Equipment, or failure of the Equipment to properly operate for any cause. In the event of any alleged claim (including a claim which would otherwise be in the nature of a set-off) against Lessor, Lessee shall fully perform and pay its obligations hereunder (including all rents, without set-off or defense of any kind) and its only exclusive recourse against Lessor shall be by a separate action. Lessee agrees to furnish promptly to Lessor the annual financial statements of Lessee (and of any guarantors of Lessee's performance under this Lease and any Schedule hereto), certified by independent certified public accountants, and such interim financial statements of Lessee as Lessor may reasonably require during the entire term of this Lease and any Schedule hereto. Lessee, if requested, shall provide at Lessee's expense an Opinion of Counsel acceptable to Lessor affirming the covenants, representations and warranties of Lessee under this Lease and any Schedule hereto.

11. PERFORMANCE BY LESSOR OF LESSEE'S OBLIGATIONS

In case of the failure of Lessee to comply with any provision of this Lease and any Schedule hereto, Lessor shall have the right, but not the obligation, to effect such compliance on behalf of Lessee. In such event, all reasonable costs and expenses incurred by Lessor in effecting such compliance shall be immediately paid by Lessee to Lessor as additional rental hereunder.

12. EVENTS OF DEFAULT

An event of default shall occur hereunder if Lessee or any Obligor ("Obligor" shall include any guarantor or surety of any obligations of Lessee to Lessor under this Lease and any Schedule hereto) (i) fails to pay any installment of rent or other payment required hereunder when due; or (ii) attempts to or does remove from the Premises (except a relocation with Lessor's consent as provided in Section 5), sell, transfer, encumber, part with possession of, or sublet any item of the Equipment; or (iii) shall suffer or have suffered, in the reasonable judgment of Lessor, a material adverse change in its financial condition since the date of the last financial statement submitted to Lessor, for which Lessee is unable to satisfy, to Lessor's reasonable satisfaction, Lessor's demand for assurances and as a result thereof Lessor deems itself to be insecure, or any of the statements or other documents or information submitted at any time heretofore or hereafter by Lessee or Obligor to Lessor has misstated or shall misstate or has failed or shall fail to state a material fact; or (iv) breaches or shall have breached any material representation or warranty made or given by Lessee or Obligor in this Lease or in any other document

furnished to Lessor in connection herewith, or any such representation or warranty shall be untrue or, by reason of failure to state a material fact or otherwise, shall be misleading; or (v) fails to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder, and such failure or breach shall continue unremedied for a period of thirty (30) days after the earlier of (a) the date on which Lessee obtains knowledge of such failure or breach, or (b) the date on which notice thereof shall be given by Lessor to Lessee; or (vi) shall become insolvent or bankrupt or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver, or a trustee or receiver shall be appointed for a substantial part of its property without its consent, or bankruptcy or reorganization or insolvency proceeding shall be instituted by or against Lessee; or (vii) conveys, sells, transfers or assigns substantially all of Lessee's assets or ceases doing business as a going concern, or, if a corporation, ceases to be in good standing or files a statement of intent to dissolve, or abandons any or all of the Equipment; or (viii) shall be in material breach of or in material default under any lease or other agreement at any time executed with Lessor or any other lessor or with any lender to Lessee after any applicable cure period, unless Lessee is in good faith disputing the occurrence of such breach or default.

13. REMEDIES

Upon the occurrence of an event of default and at any time thereafter Lessor may, in its sole discretion, do any one or more of the following: (i) upon notice to Lessee, terminate this Lease as to the Equipment set forth in any one or more or all of the Schedules; (ii) without affecting Lessor's title or right to possession of the Equipment, declare due all rents and other amounts then accrued and thereafter accruing under this Lease and any Schedule hereto for the full term thereof including any amounts due upon expiration of the Minimum Lease Term or extension thereof as set forth in any Schedule; (iii) require that Lessee return all Equipment to Lessor in accordance with Section 3 hereof; (iv) enter upon the Premises where such Equipment is located and take immediate possession of and remove the same, all without liability to Lessor or its agents for such entry, or for damage to property or otherwise; (v) sell any or all of the Equipment at public or private sale, with or without notice to Lessee or advertisement, or otherwise dispose of, hold, use, operate, lease to others or keep idle such Equipment, all free and clear of any rights of Lessee therein and without any duty to account to Lessee for such action or inaction or for any proceeds with respect thereto; (vi) with or without cancelling this Lease, recover from Lessee damages, in an amount equal to the sum of (a) all unpaid rent and other amounts that became due and payable on, or prior to, the Default Date, (b) the present value of all future rentals and other amounts described in the Lease and not included in (a) above discounted to the Default Date at a rate equal to the discount rate of the Federal Reserve Bank of Chicago as of the Commencement Date of the Lease with respect to each Schedule (which discount rate, Lessee agrees is a commercially reasonable rate which takes into account the facts and circumstances at the time such Schedule commenced), (c) all costs and expenses incurred by Lessor in enforcing Lessor's rights under this Lease, including but not limited to, costs of repossession, recovery, storage, repair, sale, re-lease and reasonable attorneys' fees, (d) the estimated residual value of the Equipment as of the expiration of the Lease as reasonably determined by Lessor, (e) any indemnity amount payable to Lessor; (vii) refuse to deliver to Lessee the Equipment or such portion thereof not delivered theretofore; (viii) exercise any other right or remedy which may be available to it under the Uniform Commercial Code or any other applicable law or proceed by appropriate court action, without affecting Lessor's title or right to possession of the Equipment, to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease and any Schedule hereto as to any or all Equipment. In addition, Lessee shall be liable for all reasonable legal fees and other costs and expenses resulting from the foregoing or the exercise of Lessor's remedies, including placing any Equipment in the condition required by Section 3. No remedy referred to in this Section is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity. No express or implied waiver by Lessor of any default shall constitute a waiver of any other default by Lessee or a waiver of any of Lessor's rights, nor shall any delay by Lessor in enforcing any of its rights hereunder be deemed a waiver thereof. To the extent not prohibited by applicable law, Lessee

hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease or otherwise use any Equipment, or make any effort or attempt to do so, except for reasonable mitigation of Lessor's damages or which may otherwise limit or modify any of Lessor's rights or remedies under this Section. As used herein, the term "Default Date" means the date upon which Lessee is in default. It is hereby agreed that thirty (30) day notice of public or private disposition of Equipment shall be deemed commercially reasonable notice to the extent required by law.

14. ASSIGNMENT BY LESSOR

LESSOR MAY (WITH OR WITHOUT NOTICE TO LESSEE) SELL, TRANSFER, ASSIGN OR GRANT A SECURITY INTEREST IN ALL OR ANY PART OF ITS INTEREST IN THIS LEASE, ANY SCHEDULE, ANY ITEM OF EQUIPMENT OR ANY AMOUNT PAYABLE HEREUNDER. IN SUCH AN EVENT, LESSEE SHALL, UPON RECEIPT OF NOTICE, ACKNOWLEDGE IN WRITING ANY SUCH SALE, TRANSFER, ASSIGNMENT OR GRANT OF A SECURITY INTEREST AND SHALL PAY ITS OBLIGATIONS HEREUNDER OR AMOUNTS EQUAL THERETO TO THE RESPECTIVE TRANSFEREE, ASSIGNEE OR SECURED PARTY IN THE MANNER SPECIFIED IN ANY INSTRUCTIONS RECEIVED FROM LESSOR. NOTWITHSTANDING ANY SUCH SALE, TRANSFER, ASSIGNMENT OR GRANT OF A SECURITY INTEREST BY LESSOR AND SO LONG AS NO EVENT OF DEFAULT SHALL HAVE OCCURRED HEREUNDER, NEITHER LESSOR NOR ANY TRANSFEREE, ASSIGNEE OR SECURED PARTY SHALL INTERFERE WITH LESSEE'S RIGHT OF USE OR QUIET ENJOYMENT OF THE EQUIPMENT. IN THE EVENT OF SUCH SALE, TRANSFER, ASSIGNMENT OR GRANT OF A SECURITY INTEREST IN ALL OR ANY PART OF THIS LEASE AND ANY SCHEDULE HERETO, THE EQUIPMENT OR SUMS PAYABLE HEREUNDER, AS AFORESAID, LESSEE AGREES AT ITS OWN EXPENSE TO EXECUTE SUCH DOCUMENTS AS MAY BE REASONABLY NECESSARY TO EVIDENCE, SECURE AND COMPLETE SUCH SALE, TRANSFER, ASSIGNMENT OR GRANT OF A SECURITY INTEREST AND TO PERFECT THE TRANSFEREE'S, ASSIGNEE'S OR SECURED PARTY'S INTEREST THEREIN AND LESSEE FURTHER AGREES THAT THE RIGHTS OF ANY TRANSFEREE, ASSIGNEE OR SECURED PARTY SHALL NOT BE SUBJECT TO ANY DEFENSE, SETOFF OR COUNTERCLAIM THAT LESSEE MAY HAVE AGAINST LESSOR OR ANY OTHER PARTY, INCLUDING THE SELLER, WHICH DEFENSES, SETOFFS AND COUNTERCLAIMS SHALL BE ASSERTED ONLY AGAINST SUCH PARTY, AND THAT ANY SUCH TRANSFEREE, ASSIGNEE OR SECURED PARTY SHALL HAVE ALL OF LESSOR'S RIGHTS HEREUNDER, BUT SHALL ASSUME NONE OF LESSOR'S OBLIGATIONS HEREUNDER. NOTHING IN THE PRECEDING SENTENCE SHALL AFFECT OR IMPAIR THE PROVISIONS OF SECTION 4, SECTION 10 OR ANY OTHER PROVISION OF THIS LEASE. EXCEPT AS PROVIDED IN THIS PARAGRAPH, LESSOR'S ASSIGNEE SHALL NOT BE OBLIGATED TO PERFORM ANY DUTY, COVENANT OR CONDITION REQUIRED TO BE PERFORMED BY LESSOR UNDER THE TERMS OF THIS LEASE, AND NO BREACH OR DEFAULT BY LESSOR HEREUNDER OR PURSUANT TO ANY OTHER AGREEMENT BETWEEN LESSOR AND LESSEE, SHOULD THERE BE ONE, SHALL EXCUSE PERFORMANCE BY LESSEE OF ANY PROVISION HEREOF: IT BEING UNDERSTOOD THAT IN THE EVENT OF A DEFAULT OR BREACH BY LESSOR THAT LESSEE SHALL PURSUE ANY RIGHTS ON ACCOUNT THEREOF SOLELY AGAINST LESSOR. LESSOR'S ASSIGNEE OF ALL OR ANY PART OF INTEREST UNDER THIS LEASE SHALL HAVE THE SAME RIGHTS AS LESSOR HAS UNDER THIS LEASE TO INSPECT THE EQUIPMENT, TO RECEIVE FINANCIAL STATEMENTS AND REPORTS FROM LESSEE, TO BE NAMED AS AN ADDITIONAL INSURED UNDER THE INSURANCE POLICIES AND TO RECEIVE PRIOR NOTICE OF CANCELLATION OR ALTERATION OF INSURANCE COVERAGE, AND TO BE INDEMNIFIED BY LESSEE.

15. REPRESENTATIONS AND WARRANTIES

In order to induce Lessor to enter into this Lease and any Schedule hereto and to lease the Equipment to Lessee hereunder, Lessee represents and warrants that:
(a) FINANCIAL STATEMENTS. (i) applications, financial statements, and reports which have been submitted by Lessee and Obligors to Lessor are, and all information hereafter furnished by Lessee to Lessor

will be, true and correct in all material respects as of the date submitted; (ii) as of the date hereof, the date of any Schedule and any Acceptance Date, there has been no material adverse change in any matter stated in such applications, financial statements and reports; (iii) there are no known contingent liabilities or liabilities for taxes of Lessee which are not reflected in said financial statements; and, (iv) none of the foregoing omit or omitted to state any material fact. (b) ORGANIZATION. Lessee is an organizational entity described on the signature page hereof and is duly organized, validly existing and in good standing and duly qualified to do business and is in good standing in each State in which the Equipment will be located. (c) POWER AND AUTHORITY. Lessee has full power, authority and legal right to execute, deliver and perform this Lease and any Schedule hereto, and the execution, delivery and performance hereof has been duly authorized by all necessary action of Lessee. (d) ENFORCEABILITY. This Lease and any Schedule or other document executed in connection therewith has been duly executed and delivered by Lessee and constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms. (e) CONSENTS AND PERMITS. The execution, delivery and performance of this Lease and any Schedule hereto does not require any approval or consent of any stockholders, partners or proprietors or of any trustee or holders of any indebtedness or obligations of Lessee (or such approval or consent has been obtained or waived), and will not contravene any law, regulation, judgment or decree applicable to Lessee, or the certificate of incorporation, partnership agreement or by-laws of Lessee, or contravene the provisions of, or constitute a default under, or result in the creation of any lien upon any property of Lessee under any mortgage, instrument or other agreement to which Lessee is a party (other than this Lease) or by which Lessee or its assets may be bound or affected. No authorization, approval, license, filing or registration with any court or governmental agency or instrumentality except as disclosed is necessary in connection with the execution, delivery, performance, validity and enforceability of this Lease and any Schedule hereto. (f) TITLE TO EQUIPMENT. On each Commencement Date, Lessor shall have good and marketable title to the items of Equipment being subjected to this Lease and any Schedule hereto on such date, free and clear of all liens, except the lien of the Seller which will be released upon receipt of payment. Lessee warrants that no other party has a security interest in the Equipment which will not be released on or before payment by Lessor to Seller of the Equipment. (g) NO LITIGATION. There is no action, suit, investigation or proceeding by or before any court, arbitrator, administrative agency or governmental authority pending or threatened against or affecting Lessee (A) involves the Equipment or the transaction contemplated by this Lease and any Schedule here or (B) which, if adversely determined, could have a material adverse effect on the financial condition, business or operations of Lessee. (h) ACCURACY OF THE EQUIPMENT AND THE FACILITY DESCRIPTION AND THE EQUIPMENT AND THE FACILITY BUDGET. Lessee represents that the description of the Equipment and the Facility as set forth on Schedule A and Exhibit A hereto is accurate in all material respects. (i) REGULATORY APPROVALS. Lessee represents that no authorization, approval, consent or license of any governmental regulatory body or authority, including but not limited to state or federal environmental protection agencies and/or federal or state nuclear regulatory agencies, not already obtained, is required for the valid and lawful execution and delivery of the Lease by the Lessee or the assumption of the obligations of the Lessee represented hereby and thereby. (j) DATE AND SURVIVAL OF REPRESENTATIONS. The representations of the Lessee made in this Section 15 are made as of the date of closing of the Lease, and all such representations shall survive the execution and delivery of the Lease and the term or earlier cancellation of this Lease and any Schedule hereto.

16. AMENDMENTS

This Lease and any Schedule hereto contain the entire agreement between the parties with respect to the Equipment, this Lease and any Schedule hereto and supersede any prior agreement relating thereto (if any) and may not be altered, modified, terminated or discharged except by a writing signed by both parties.

17. LAW

This Lease and any Schedule hereto shall be binding only when accepted by Lessor at its

corporate headquarters and shall be interpreted, and the rights and the liabilities of the parties hereto determined, except for local filing requirements, in accordance with the laws of the State of Illinois. Lessee and Lessor waive, insofar as not prohibited by law, trial by jury and submit to the jurisdiction of the Illinois Federal District Courts of competent jurisdiction or any state court within the State of Illinois and waive any right to assert that any action instituted by Lessor in any such court is in the improper venue or should be transferred to a more convenient forum.

18. INVALIDITY

In the event that any provision of this Lease and any Schedule hereto shall be unenforceable in whole or in part, such provision shall be limited to the extent necessary to render the same valid, or shall be excised from this Lease or any Schedule hereto, as circumstances may require, and this Lease and the applicable Schedule shall be construed as if said provision had been incorporated herein as so limited, or as if said provision had not been included herein, as the case may be.

19. MISCELLANEOUS

All notices and demands relating hereto shall be in writing and mailed by certified mail, return receipt requested, to Lessor or Lessee at their respective addresses above or shown in the Schedule, or at any other address designated by notice served in accordance herewith. Notice shall become effective when deposited in the United States mail, with proper postage prepaid, addressed to the party intended to be served at the address designated herein. All unperformed obligations of Lessee shall survive the termination or expiration of this Lease and any Schedule hereto. Should Lessor permit use by Lessee of any Equipment beyond the Minimum Lease Term, or, if applicable, any exercised extension or renewal term, the lease obligations of Lessee shall continue and such permissive use shall not be construed as a renewal of the term thereof, or as a waiver of any right or continuation of any obligation of Lessor hereunder, and Lessor may take possession of any such Equipment at any time upon demand. If more than one Lessee is named in this Lease, the liability of each shall be joint and several. Lessee shall, upon request of Lessor from time to time, perform all acts and execute and deliver to Lessor all documents which Lessor deems necessary or desirable to implement the provisions of this Lease and any Schedule hereto, including, without limitation, certificates addressed to such persons as Lessor may direct stating that this Lease and the Schedule hereto is in full force and effect, that there are no amendments or modifications thereto (or stating such amendments or modifications), that Lessor is not in default hereof or breach hereunder (or stating all defaults or breaches claimed by Lessee), setting forth the date to which rentals due hereunder have been paid, and stating such other matters as Lessor may request. This Lease and any Schedule hereto shall be binding upon the parties and their successors, legal representatives and assigns. If any person, firm, corporation or other entity shall guarantee this Lease and any Schedule hereto and the performance by Lessee of its obligations hereunder, all of the terms and provisions hereof shall be duly applicable to such Obligor.

20. COUNTERPARTS

This Lease may be executed in any number of counterparts, each of which shall be deemed an original. Each Schedule shall be executed in three (3) serially numbered counterparts each of which shall be deemed an original but only counterpart number 1 shall constitute "chattel paper" or "collateral" within the meaning of the Uniform Commercial Code in any jurisdiction.

21. ADDITIONAL CONDITIONS

Notwithstanding any provisions of this Lease to the contrary, the obligation of Lessor to lease Equipment to Lessee hereunder shall be subject to the following conditions (which conditions are in addition to and not in substitution of any other condition contained herein or in any Schedule):

A. Actual Equipment Cost: The aggregate Actual Equipment Cost to be leased by Lessor to Lessee hereunder shall not exceed Four Million Dollars (\$4,000,000.00). Except as set forth below, all Equipment shall be new and unused at the Commencement Date.

B. New Equipment: Except as set forth below, all Equipment shall be new and unused at the Commencement Date.

(i) Takedowns for New Equipment: Lessor shall lease to Lessee during the period to begin no later than July 1, 1991 and to end no later than sixteen months after the initial Lease commencement (the "Commencement Period") New Equipment which shall cost not in excess of \$2,000,000.00, including but not limited to medical waste processing and materials handling equipment, including shredders, bailers, conveyors and radio-frequency heating equipment; which New Equipment is acceptable to Lessor in its sole discretion. Lessor may provide in its sole discretion, but shall be under no obligation to provide, funding for any Equipment which shall not be taken down within the Commencement Period. All New Equipment shall become subject to lease hereunder in takedowns of not less than \$250,000.00.

(ii) Lease Rate and Term for New Equipment: New Equipment shall be leased by Lessor to Lessee for a Minimum Lease Term of 42 months at a monthly Lease Rate Factor of 2.9154% of Actual Equipment Cost. At the end of the Minimum Lease Term Lessee shall have purchase, renewal and/or return options as defined in the applicable Schedule.

C. Used Equipment: Notwithstanding the provisions of Subparagraph B above, Lessor agrees that Equipment having an Actual Equipment Cost of not in excess of \$700,000.00 which is Used Equipment (defined hereinafter) may be leased hereunder in a single Schedule, the Commencement Date of which is set forth below. Used Equipment shall include medical waste processing and materials handling equipment, including shredders, bailers and conveyors, and radio-frequency heating equipment, and all replacement parts, modifications, repairs, alterations, additions and accessories affixed thereto. Actual Equipment Cost for Used Equipment shall be equal to the lesser of the fair market value thereof as reasonably determined by Lessor or the net manufacturer's invoice value thereof as reflected on Lessee's books and records as of the end of the month preceding the Commencement Date. Used Equipment to be subject to this Lease is listed in Exhibit A attached hereto.

(i) Takedowns for Used Equipment: Used Equipment shall become subject to a lease hereunder in a single takedown which shall occur not later than March 15, 1991.

(ii) Lease Rate and Term for Used Equipment: The Equipment shall be leased by Lessor to Lessee for a Minimum Lease Term of 36 months at a monthly Lease Rate Factor of 3.2433% of Actual Equipment Cost. At the end of the Minimum Lease Term Lessee shall have early termination, purchase, renewal and/or return options as defined in the applicable Schedule.

D. Cobalt 60 Irradiation Unit, Facility, Land: In addition to the provisions of Subsections B and C herein, Lessor shall provide to Lessee financing of \$1,360,000.00 for the Cobalt-60 Irradiation Unit located in West Memphis, Arkansas, (the "Unit") PROVIDED THAT: Lessee is able to provide to Lessor good and marketable title to the Unit and to provide evidence to Lessor of its good and marketable title to the Facility and to the Land as described on the attached Schedule A and Exhibit A; which Unit, Facility and Land shall be free and clear of all liens and encumbrances (subject only to easements recorded prior to March 15, 1991 as reflected on the attached Schedule B) including but not limited to those of the City of West Memphis, Arkansas; and Lessee shall execute all documents, instruments and agreements as Lessor shall require regarding same. Lessor acknowledges that Lessee intends to sell the Unit, the Facility and the Land, and in the event Lessee does sell the Unit, the Facility and the Land between the 10th and the 30th months after commencement of the Lease

thereof hereunder, then Lessee shall pay the Lessor a termination fee which is the product of the termination percentage as provided on the Termination Schedule attached hereto as Exhibit B multiplied by the Actual Equipment Cost of the Unit. Lessee shall have issued and delivered to the Lessor a warrant to purchase up to 106,000 shares of the Lessee's common stock on a fully diluted basis at an exercise price of \$3.50 per share taking into consideration all convertible securities, options and warrants outstanding with such other terms and conditions (including, without limitation, anti-dilution provisions and piggyback registration rights) all satisfactory to Lessor, as stated in that certain Warrant Agreement by and between Stericycle, Inc. and LINC Venture Lease Partners II, L.P. of even date herewith.

E. Rate Adjustment: The Lease Rate Factors provided in Subparagraph B(ii) and C(ii) above shall be increased at the Commencement Date of each Schedule to reflect any increases in the yield in Three Year Constant Treasury Constant Maturities as reported in Federal Reserve Statistical Release H.15 on the Commencement Date.

F. Documentation and Due Diligence: Lessor acknowledges receipt from Lessee of a documentation and due diligence fee of \$7,500.00.

22. CONDITIONS PRECEDENT TO LESSOR'S OBLIGATIONS UNDER THE LEASE

The obligation of Lessor to perform any obligations under this Lease is subject to the following conditions precedent, completed or provided to Lessor's sole satisfaction:

(a) Lessee shall have issued and delivered to the Lessor a warrant to purchase up to 106,000 shares of the Lessee's common stock on a fully diluted basis at an exercise price of \$3.50 per share taking into consideration all convertible securities, options and warrants outstanding with such other terms and conditions (including, without limitation, anti-dilution provisions and piggyback registration rights) all satisfactory to Lessor.

(b) Lessor shall have completed its due diligence and audit of Lessee and such due diligence and audit shall provide Lessor with such results and information which Lessor determines are satisfactory to permit Lessor to enter into the Lease and Lessor's Commitment Committee and Board of Directors shall have approved the Lease.

(c) All financing statements deemed necessary by Lessor and Lessor's counsel relating to the Equipment shall have been filed and recorded and Lessor shall have received confirmation thereof.

(d) Lessee shall have duly executed and delivered all agreements, instruments, financing statements, consents, waivers, collateral assignments, opinions of counsel, and such other documents as Lessor may request to confirm and effectuate the foregoing, all as may be required by, and to be otherwise in form and substance satisfactory to, Lessor and Lessor's counsel.

23. PROGRESS PAYMENTS

Not less than 30 days prior to the due date thereof, Lessee shall deliver to Lessor Lessee's authorization in the form of Annex I to the applicable Equipment Schedule to make a progress payment and, provided on such due date no Event of Default have occurred and be continuing hereunder or under the Master Agreement, Lessor shall make the progress payment set forth to the manufacturer(s) or supplier(s) also set forth in such authorization. In respect of such progress payments so made by Lessor, Lessee agrees as follows:

(i) to pay the Lessor or Lessor's Assignee a daily rental amount equal to the product of the aggregate amount of progress payments actually made by Lessor multiplied by the Lease Rate Factor as set forth in each applicable Equipment Schedule divided by thirty (30) from the date

such progress payments are in fact made. Such payment shall be made by Lessee to Lessor immediately upon Lessee's receipt of a written request therefor (but not more than one such payment shall be made within any given period of thirty (30) days) accompanied by evidence reasonably satisfactory to Lessee indicating the amount and date of payment by Lessor of the progress payments in respect of which such payment is so requested;

(ii) in the event Lessee shall not deliver Lessee's Equipment Acceptance Form in respect of the Equipment to Lessor on or before 3 months from the date of the first progress payment made hereunder (unless such period is extended by mutual agreement of Lessor and Lessee), to pay to Lessor or Lessor's Assignee, upon demand, an amount equal to the sum of all progress payments theretofore made by Lessor pursuant to this provision, together with unpaid daily rental amounts thereon;

(iii) Lessee acknowledges and understands that Lessor may elect to borrow all or a portion of the progress payments required of Lessor under this provision and that as security therefor, Lessor may assign the applicable Equipment Schedule, including but not limited to Lessor's rights hereunder, to the lender of such amounts so borrowed. Lessee agrees, without notice to Lessee, Lessor may make such assignment in connection with any such borrowing and for the protection and benefit of Lessor and any such assignee, the rights of Lessor or its Assignee in and to such payments shall be absolute and unconditional under all circumstances, notwithstanding: (i) any setoff, abatement, reduction, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, the manufacturer(s) or seller(s) of the Equipment, or any other person for any reason whatsoever; or (ii) any defect in condition, operation, fitness for use, damage or destruction of the Equipment, or failure of the manufacturer(s) or supplier(s) to deliver the Equipment for any reason whatsoever, or (iii) or any insolvency, bankruptcy, reorganization or similar proceedings instituted by or against the Lessor or Lessee.

- - - - -

The person executing this Lease for and on behalf of Lessee warrants and represents, which warranty and representation shall survive the expiration or termination of this Lease for any reason whatsoever, that this Lease and the execution hereof has been duly and validly authorized by Lessee, constitutes a valid and binding obligation of Lessee and that he has authority to make such execution for and on behalf of Lessee.

IN WHEREOF, this Lease has been executed by Lessee as of the 14 day of March, 1991.

ACCEPTED AT CHICAGO, ILLINOIS

LINC VENTURE LEASE PARTNERS II, L.P.
a Delaware Limited Partnership
(Lessor)

BY: LINC VENTURE LEASE MANAGEMENT
CORPORATION, General Partner

STERICYCLE, INC.
(Co-Lessee)(a Delaware Corporation)

By: /s/

By: /s/

Title: V.P. & CFO

Title:

Date: 3/14/91

STERICYCLE OF ARKANSAS, INC.
(Co-Lessee)(an Arkansas Corporation)

By: /s/

Title: V.P. & CFO

IN RE:
MASTER LEASE AGREEMENT NO. 5244
DATED AS OF March 14, 1991
BETWEEN
LINC VENTURE LEASE PARTNERS II, L.P., AS LESSOR AND
STERICYCLE, INC. AND
STERICYCLE OF ARKANSAS, INC., AS CO-LESSEES

EXHIBIT A

The following described real estate situated in

Crittenden County, Arkansas, to-wit:

A Tract of Land lying in the Southeast Quarter(SE 1/4) of the Northwest Quarter (NW 1/4) of the Southeast Quarter (SE 1/4) of Section 3, Township 6 North, Range 8 East, Crittenden County, Arkansas, being more particularly described as follows:

Commencing at the Northeast Corner of the Northwest Quarter (NW 1/4) of the Southeast Quarter (SE 1/4) of Section 3, thence South along the center line of Airport Road a distance of 957.0 feet to the point of beginning, thence South 89 degrees, 49 minutes, 10 seconds West along a line parallel to the North line of said Northwest Quarter (NW 1/4) Southeast Quarter (SE 1/4), a distance of 600.0 feet, thence South a distance of 363.0 feet, thence North 89 degrees, 49 minutes, 10 seconds East a distance of 600.0 feet to its intersection with the East line of said Northwest Quarter (NW 1/4) Southeast Quarter (SE 1/4), said point being the center line of Airport Road, thence North along the center line of Airport Road a distance of 363.0 feet to the point of beginning, containing 5.0 acres, more or less.

The above described property being subject to drainage and road rights-of-way and easements of record.

IN RE:
MASTER LEASE AGREEMENT NO. 5244
DATED AS OF March 14, 1991
BETWEEN
LINC VENTURE LEASE PARTNERS II, L.P., AS LESSOR AND
STERICYCLE, INC. AND
STERICYCLE OF ARKANSAS, INC., AS CO-LESSEES

EXHIBIT B

Stericycle Termination Value Schedule

Number of Base Rent Payments Made	Termination Value as Percent of Original Equipment Cost
10	86.16
11	84.62
12	83.04
13	81.43
14	79.79
15	78.12
16	76.42
17	74.68
18	72.90
19	71.09
20	*
21	*
22	*
23	*
24	*
25	*
26	*
27	*
28	*
29	*
30	*

* Remaining Principal Balance plus 27% of the selling price of the Cobalt-60 Irradiation Facility, but in no case shall this amount be less than \$300,000 or more than \$550,000.

SCHEDULE-A

TO MASTER LEASE NO. 5244

EQUIPMENT SCHEDULE 001

STERICYCLE, INC.

PAGE OF

Product Description and Manufacturer	Quantity	Model Number	Serial Number
- - - - -	- - - - -	- - - - -	- - - - -

Equipment Location:	Lessee:	Lessee:
North Airport Road	/s/ VJN	/s/ VJN
West Memphis, Arkansas 72301	- - - - -	- - - - -
	Initials	Initials

Lessor:
/s/ JSP
- - - - -
Initials

STERICYCLE, INC
Machinery and Equipment
Summary Schedule
February 1991

Asset Number - - - - -	Asset Description - - - - -	Cost - - - - -	Fair Market Value - - - - -
1	80 kw Dielectric Oven and Spare Parts	295,663.20	279,093.62
2	Primary and Secondary Stacked Shredder System and Spare Parts	126,771.02	115,064.63
3	Rotary Shear Shredder	44,529.81	41,190.05
4	Compactor-Processing Chamber	51,692.57	49,107.88
5	Component Parts Located in Processing Chamber: (Duct Heaters, Hepa Filters, Fans, Feeder Hopper & Feeder Chute	60,014.59	57,013.82
6	Safety Equipment - Processing Chamber	7,578.10	7,199.19
7	Processing Chamber Construction	11,172.20	10,613.58
8	Electrical Controls and Panels for Processing Chamber Equipment	31,551.01	29,973.44
9	Conveyor Systems	132,902.34	125,682.70
10	Economy Lake 72" Horizontal Baler	19,739.41	17,929.91
11	Radiation Control Related Equipment	25,608.41	23,041.73
12	Miscellaneous Equipment	14,328.41	13,676.50
13	Machinery and Equipment Purchased with West Memphis Facility	80,690.00 - - - - -	71,946.00 - - - - -
	TOTALS	\$902,241.07 - - - - - - - - - -	\$841,533.05 - - - - - - - - - -

ASSET NUMBER: 13

IN-SERVICE DATE: 1/1/90

ASSET DESCRIPTION: Machinery and Equipment Purchased
with the West Memphis Facility

Vendor	Cost	Useful Life	Fair Market Value
-----	-----	-----	-----
Hitachi			
Spectrophotometer	6,000.00	10 years	5,350.00
Beckman			
Spectrophotometer	2,500.00	10 years	2,229.00
Orion Ionalyzer	900.00	10 years	802.00
Eberline Mini Scaler	1,470.00	10 years	1,311.00
Silbasket Trash			
Paper Shredder	200.00	10 years	178.00
Caterpillar MC 30 Forklift	19,000.00	10 years	16,942.00
Caterpillar MC 30 Forklift	19,000.00	10 years	16,942.00
Kalamazoo M200			
Stretchwrapper	7,500.00	10 years	6,687.00
Cardinal Pallet Scale	4,500.00	10 years	4,012.00
Cardinal 780 Ticket			
Printer	4,500.00	10 years	4,012.00
Cardinal 738 Display	4,500.00	10 years	4,012.00
Strapping Machine	250.00	10 years	223.00
Auto-Reg Battery Charger	500.00	10 years	446.00
Douglas Battery Charger	500.00	10 years	446.00
Signet Conductivity Monitor	600.00	10 years	535.00
2 Eberline E-120			
Geiger Counters	900.00	10 years	802.00
Eberline RUS II Radiation			
Monitor	1,800.00	10 years	1,605.00
Eberline Monitor D.I.			
System RMCS	945.00	10 years	843.00
Eberline PIC 6-18			
High-Range Monitor	725.00	10 years	646.00
Band Saw	500.00	10 years	446.00
Hydrolic Press	400.00	10 years	357.00
Drill Press	200.00	10 years	178.00
Welder	800.00	10 years	713.00
Air Compressor	2,500.00	10 years	2,229.00
	-----		-----
TOTALS	80,690.00		71,946.00
	-----		-----
	-----		-----

SEE EXHIBIT B ATTACHED (DETAIL LISTING OF FIXED ASSETS PROVIDED TO STERICYCLE AT
DATE OF PURCHASE)

ASSET NUMBER: 12

IN-SERVICE DATE: Various
(See detail below)ASSET DESCRIPTION: Miscellaneous Equipment
(Excludes Assets Purchased with Facility)

In-Service Date	Vendor/Asset Description	INVOICE			Useful Life	Fair Market Value
		Date	Amount	Code		
09-01-90	PI Enterprises 2 Sidewall Prop Fans 4400 CFM Model PHD-24 725/each (for use with air compressor)	09-17-90	1,550.00	12-A	10 years	1,485.41
08-01-90	Tennessee Installers Steel Grating, Anchors and Labor for Lift	08-04-90	2,671.50	12-B	10 years	2,537.92
10-01-90	M.C. White Construction Co. Walk-In Cooler	10-09-90	7,550.00	12-C	10 years	7,298.33
03-01-90	The Phoenix Mfg. Co. Platform 54 x 84 66" Elevation with Handrail and Ladder	01-31-90	1,263.91	12-D	10 years	1,148.05
06-01-90	The Phoenix Mfg. Co. Platform 3' x 8' x 6' Elevation with Handrail and Ladder	06-06-90	1,293.00 -----	12-E	10 years	1,206.79 -----
	TOTALS		14,328.41 ----- -----			13,676.50 ----- -----

IN RE:
MASTER LEASE AGREEMENT NO. 5244
DATED AS OF March 14, 1991
BETWEEN
LINC VENTURE LEASE PARTNERS II, L.P., AS LESSOR AND
STERICYCLE, INC. AND
STERICYCLE OF ARKANSAS, INC., AS CO-LESSEES

Schedule B

EASEMENTS

SUBJECT to Ten-Mile Bayou right of way, set-back lines, Airport Road right of way, and to drainage easements in favor of Drainage District No. 6, and as recorded in Book 230 Page 49, and in Book 244 Page 419, and in Book 244 Page 546, in Crittenden County, Arkansas, and to encroachment of building on Ten-Mile Bayou right of way, all as shown on plat of Survey dated October, 1989, by Eddie E. Brawley, Surveyor, West Memphis, Arkansas.

LINC VENTURE LEASE PARTNERS II, L.P.
EQUIPMENT SCHEDULE

LINC Venture Lease Partners II, L.P.
303 East Wacker Drive
Chicago, Illinois 60601
(312) 946-1000

This is Counterpart number 3 of 3 serially
numbered, manually executed
counterparts.

Equipment Location:

North Airport Road
West Memphis, Arkansas 72301

Master Lease Agreement No. 5244
Schedule No. 001
Acceptance Date 3/14/91

Equipment Description:

Used Medical Waste Processing and Materials Handling Equipment

Total Equipment Cost: \$700,000.00

(X) ("X" if applicable) as more fully described on Schedule "A" attached hereto
and made a part hereof.

TERM AND RENTAL: Minimum Lease Term: 36 months

Rental Payments to be made: X monthly; ___ quarterly; other: _____

Security Deposit: \$ n/a Expected Acceptance Date: _____

*Rental Payments:
\$ 22,703.00 per rental payment for the first thirty-six (36) rental payments
Followed by:
\$ - - - - per rental payment for the next - - - - rental payments
Followed by:
\$ - - - - per rental payment for the next - - - - rental payments

Initial Payment of \$22,703.00 covering the first monthly rental payment.

* Plus, if applicable, freight, taxes, insurance and maintenance which shall be
paid by Lessee in accordance with the terms of the Lease and this Schedule.

LINC Venture Lease Partners II, L.P. (Lessor) hereby agrees to lease to the
Lessee named below, and Lessee hereby agrees to lease and rent from Lessor the
Equipment listed above, for the term and at the rental payments specified
herein, all subject to the terms and conditions set forth herein and on the
reverse side hereof and in the referenced Master Lease Agreement except as the
same may be varied by the terms of this Schedule. At the end of the Minimum
Lease Term, Lessee, agrees to (i) renew this Lease and Schedule for 24 months at
one percent (1%) of total actual Equipment cost per month payable monthly in
advance, or (ii) purchase the Equipment, subject to Lessor's written consent, at
its then fair market value, or (iii) return the Equipment to Lessor in
accordance with the terms of the Lease and concurrently pay to Lessor the Fair
Market Value.

Addendum ("X") if applicable []

STERICYCLE, INC.
Co-Lessee

ACCEPTED AT CHICAGO, ILLINOIS

LINC VENTURE LEASE PARTNERS II, L.P.,
a Delaware Limited Partnership
Lessor

By: /s/ BY: LINC VENTURE LEASE MANAGEMENT
CORPORATION General Partner

Title: V.P. & CFO

By: /s/

Date: 3/14/91

Title:

STERICYCLE OF ARKANSAS INC.
Co-Lessee

DATE: 3/14/91

By: /s/

Title: V. P. & CFO

DATE: 3/14/91

[LOGO]

STERICYCLE, INC
Machinery and Equipment
Summary Schedule
February 1991

Asset Number - - - - -	Asset Description - - - - -	Cost - - - - -	Fair Market Value - - - - -
1	80 kw Dielectric Oven and Spare Parts	295,663.20	279,093.62
2	Primary and Secondary Stacked Shredder System and Spare Parts	126,771.02	115,064.63
3	Rotary Shear Shredder	44,529.81	41,190.05
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7	Processing Chamber Construction	11,172.20	10,613.58
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11	Radiation Control Related Equipment	25,608.41	23,041.73
12	Miscellaneous Equipment	14,328.41	13,676.50
13	Machinery and Equipment Purchased with West Memphis Facility	80,690.00 - - - - -	71,946.00 - - - - -
	TOTALS	\$902,241.07 - - - - - - - - - -	\$841,533.05 - - - - - - - - - -

ASSET NUMBER: 13

IN-SERVICE DATE: 1/1/90

ASSET DESCRIPTION: Machinery and Equipment Purchased
with the West Memphis Facility

Vendor	Cost	Useful Life	Fair Market Value
- - - - -	- - - - -	- - - - -	- - - - -
Hitachi			
Spectrophotometer	6,000.00	10 years	5,350.00
Beckman			
Spectrophotometer	2,500.00	10 years	2,229.00
Orion Ionalyzer	900.00	10 years	802.00
Eberline Mini Scaler	1,470.00	10 years	1,311.00
Silbasket Trash			
Paper Shredder	200.00	10 years	178.00
Caterpillar MC 30 Forklift	19,000.00	10 years	16,942.00
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Stretchwrapper	7,500.00	10 years	6,687.00
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Printer	4,500.00	10 years	4,012.00
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Douglas Battery Charger	500.00	10 years	446.00
Signet Conductivity Monitor	600.00	10 years	535.00
2 Eberline E-120			
Geiger Counters	900.00	10 years	802.00
Eberline RUS II Radiation			
Monitor	1,800.00	10 years	1,605.00
Eberline Monitor D.I.			
System RMCS	945.00	10 years	843.00
Eberline PIC 6-18			
High-Range Monitor	725.00	10 years	646.00
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Hydraulic Press	400.00	10 years	357.00
Drill Press	200.00	10 years	178.00
Welder	800.00	10 years	713.00
Air Compressor	2,500.00	10 years	2,229.00
	- - - - -		- - - - -
TOTALS	80,690.00		71,946.00
	- - - - -		- - - - -
	- - - - -		- - - - -

SEE EXHIBIT B ATTACHED (DETAIL LISTING OF FIXED ASSETS PROVIDED TO STERICYCLE AT
DATE OF PURCHASE)

ASSET NUMBER: 12

IN-SERVICE DATE: Various
(SEE detail below)

ASSET DESCRIPTION: Miscellaneous Equipment
(Excludes Assets Purchased with Facility)

In-Service Date	Vendor/Asset Description	Invoice			Useful Life	Fair Market Value
		Date	Amount	Code		
09-01-90	PI Enterprises 2 Sidewall Prop Fans 4400 CFM Model PHD-24 725/each (for use with air compressor)	09-17-90	1,550.00	12-A	10 years	1,485.41
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03-01-90	The Phoenix Mfg. Co. Platform 54 x 84 66" Elevation with Handrail and Ladder	01-31-90	1,263.91	12-D	10 years	1,148.05
06-01-90	The Phoenix Mfg. Co. Platform 3' x 8' x 6' Elevation with Handrail and Ladder	06-06-90	1,293.00	12-E	10 years	1,206.79
	TOTALS		14,328.41			

LINC Venture Lease Partners II, L.P.,
a Delaware Limited Partnership ("Lessor")
303 East Wacker Drive
Chicago, Illinois 60601

RE: Side Agreement Regarding Maintenance Agreements

Gentlemen:

This letter represents a provision to Lessor of the attached letter from PSC, Inc., to Lessee regarding maintenance of the dielectric heater Serial No. 672 Model 80-WM shall be deemed in compliance by the Lessee with the second sentence of Paragraph 5 of the Master Lease Agreement No. 5244.

STERICYCLE, INC.,
a Delaware Corporation
(Co-Lessee)

By: /s/

Title: V.P. & CFO 3/14/91

STERICYCLE OF ARKANSAS, INC.,
an Arkansas Corporation
(Co-Lessee)

By: /s/

Title: V.P. & CFO 3/14/91

Acknowledged and Agreed to:

LINC VENTURE LEASE PARTNERS II, L.P.,
a Delaware Limited Partnership
(Lessor)

By: /s/

Title: 3/14/91

[LETTERHEAD]

March 7, 1991

Mr. Vern Nagle
Stericycle, Inc.
III Crossroads of Commerce Bldg.
3501 Algonquin Road, Suite 220
Rolling Meadows, Illinois 60008

Dear Mr. Nagle,

Regarding the maintenance of the PSC, inc. dielectric heater Serial No. 672
Model 80-WM currently installed at your West Memphis, Arkansas facility, I would
like to offer the following.

Sol Sailes and Kent Huntzinger, currently employed by Stericycle of
Arkansas have successfully completed the factory training course offered by PSC,
inc. for this equipment.

The information Sol and Kent acquired during the training period should
qualify them to keep the equipment in good running condition and in line with
PSC, inc. specifications.

Should you require further assistance, please do not hesitate to call.

Very truly yours,

PSC, inc.

/s/ Christopher J. Varga
Christopher J. Varga

RENEWAL EQUIPMENT SCHEDULE OF MASTER LEASE 5244, SCHEDULES 001, 002, AND 003

LESSEE NAME & ADDRESS:	LESSOR NAME & ADDRESS:	LEASE TRANSACTION:
Stericycle, Inc.	LINC VENTURE LEASE	MASTER LEASE AGREEMENT NO. 110-200-5244
1419 Lake Cook Road	PARTNERS II, L.P.	EQUIPMENT SCHEDULE NO. 003
Suite 410	303 East Wacker Drive	EFFECTIVE RENEWAL DATE: January 1, 1996
Deerfield, Illinois 60015	Chicago, Illinois 60601	

Lessee hereby agrees to continue to lease and rent from Lessor all of the Equipment as originally described in the original Equipment Schedule identified above (and as such Equipment is more fully described on any Schedule "A" attached hereto and made a part hereof), for the Renewal Term and at the Renewal Rental Payments specified herein, all subject to the terms and conditions set forth herein and in the above referenced Master Lease Agreement. Commencing on the Effective Renewal Date the Lessee agrees to pay the Renewal Rental Payments specified below during the Renewal Lease Term.

1. EFFECTIVE RENEWAL DATE: JANUARY 1, 1996	2. RENEWAL LEASE TERM: 26 MONTHS	3. PAYMENTS DUE (X) MONTHLY () QUARTERLY
--	----------------------------------	--

4. THE RENEWAL RENTAL PAYMENTS DUE DURING THE RENEWAL LEASE TERM* ARE AS FOLLOWS:

\$ 14,000.00 PER RENEWAL RENTAL PAYMENT FOR THE FIRST 26 RENTAL PAYMENTS FOLLOWED BY:

At the end of the new lease termination date (3/1/98), Lessee will purchase the equipment for \$1.00.

*Plus, if applicable, freight, taxes, insurance and maintenance which shall be paid by Lessee in accordance with the terms of the Lease and this Schedule.

5. EQUIPMENT LOCATION (IF OTHER THAN THE ADDRESS OF LESSEE ABOVE OR AS SET FORTH IN THE LEASE):

SEE ATTACHED EQUIPMENT LIST CONSISTING OF 8 PAGES

OPTIONS AT END OF RENEWAL LEASE TERM: (SEE THE REVERSE SIDE FOR ADDITIONAL TERMS)

Purchase Option: At the end of the new lease termination date (3/1/98), Lessee will purchase the equipment for \$1.00.

Lessee hereby reaffirms and ratifies all of the terms and conditions of the Master Lease and the related Schedule except to the extent modified and amended hereby. Lessee acknowledges and agrees that Lessor in no way or manner assumes any responsibility, either now or hereafter, for the use, performance, functioning, maintenance or service of the Equipment, or for its suitability or adaptability for any particular purpose.

The undersigned, being duly authorized by Lessee, hereby (i) certifies that all of the equipment identified in the original Schedule (the "Equipment") is in good working order, repair and condition in accordance with the requirements of the Lease, (ii) has been retained in the sole and exclusive possession of Lessee at the location originally specified in the Lease or at such other locations as disclosed by Lessee herein; and (iii) unconditionally accepts and affirms all of the duties and responsibilities imposed upon the Lessee with respect to the Equipment for all purposes under the terms and conditions of the Lease, any addendum to such Lease and this Renewal Equipment Schedule including the terms and conditions set forth on the reverse side hereof.

SEE REVERSE SIDE FOR ADDITIONAL TERMS AND CONDITIONS.

LESSEE NAME:	LESSOR NAME:
Stericycle, Inc.	LINC VENTURE LEASE PARTNERS II, L.P.
By: /s/	By: /s/
Title: VP CFO	Title: Exec V.P.
Date: 4/10/96	Date: 4/17/96

This is counterpart 3 of 3 serially numbered, manually executed counterparts

ADDITIONAL TERMS AND CONDITIONS
TO RENEWAL EQUIPMENT SCHEDULE

1. INDEMNITY. Lessee shall and does hereby agree to indemnify, defend and hold Lessor and its assigns harmless from and against any and all taxes (described in the Lease), liability, loss, costs, injury, damage, penalties, suits, judgements, demands, claims, expenses and disbursements (including without limitation, reasonable attorneys' fees incurred by Lessor in pursuing its rights against Lessee or defending any claims or defenses asserted by or through Lessee) of any kind whatsoever arising out of, on account of, or in connection with this Lease and the Equipment leased hereunder, including, without limitation, its manufacture, selection, purchase, delivery, rejection, installation, ownership, possession, leasing, renting, operation, control, use, maintenance and the return thereof. This indemnity shall survive the Renewal Lease Term or earlier cancellation or termination of this Lease and any Schedule hereto.

2. GOVERNING LAW, JURISDICTION AND VENUE. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THE LEASE, LESSEE AND LESSOR EACH HEREBY KNOWINGLY, WILLINGLY AND VOLUNTARILY AGREES THAT THE LEASE AND THIS SCHEDULE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS AND THE VALIDITY, INTERPRETATION, ENFORCEMENT AND EFFECT OF THEREOF SHALL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS. LESSEE AND LESSOR EACH HEREBY KNOWINGLY, WILLINGLY AND VOLUNTARILY CONSENTS TO THE JURISDICTION AND VENUE OF ALL COURTS IN THE STATE OF ILLINOIS. LESSEE HEREBY KNOWINGLY, WILLINGLY AND VOLUNTARILY WAIVES ANY RIGHT TO PERSONAL SERVICE OF PROCESS IN ANY ACTION BROUGHT IN CONNECTION WITH OR ARISING OUT OF THE LEASE OR THIS SCHEDULE AND CONSENTS TO SERVICE OF PROCESS BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO THE LAST KNOWN ADDRESS OF THE LESSEE, WHICH SERVICE SHALL BE DEEMED COMPLETED WITHIN THIRTY (30) DAYS AFTER THE DATE OF MAILING THEREOF. LESSEE HEREBY KNOWINGLY, WILLINGLY AND VOLUNTARILY (A) WAIVES ANY RIGHT TO ASSERT THAT ANY ACTION BROUGHT IN CONNECTION WITH OR ARISING OUT OF THE LEASE OR THIS SCHEDULE IN A COURT LOCATED IN ILLINOIS IS IN AN IMPROPER VENUE OR SUCH ACTION SHOULD BE TRANSFERRED TO A MORE CONVENIENT FORUM; (B) AGREES TO ASSERT ANY ACTION BROUGHT BY LESSEE IN CONNECTION WITH OR ARISING OUT OF THE LEASE OR THIS SCHEDULE IN A COURT LOCATED IN COOK COUNTY, ILLINOIS; AND (C) WAIVES TRIAL BY JURY IN ANY ACTION BROUGHT BY OR AGAINST LESSEE IN CONNECTION WITH OR ARISING OUT OF THE LEASE OR THIS SCHEDULE.

3. PURCHASE OPTION AND/OR RENEWAL OF LEASE TERM. [This section applies only if this schedule grants Lessee an option to purchase the Equipment and/or renew the Lease Term.] If an event of default has not occurred under the Lease, Lessee, by giving Lessor not less than ninety (90) days' written notice by registered or certified mail prior to the expiration date of this Schedule, may, elect to (1) if applicable, purchase not less than all of the Equipment then leased hereunder, at the times and in the manner hereinafter specified, for an amount equal to that amount stated on the face of this Schedule, plus any applicable sales tax with respect thereto or (2) if applicable, renew the lease term of not less than all of the Equipment then leased hereunder for the period(s) and for the renewal rental(s) (payable in advance) stated on the face of this Schedule. If Lessee elects to exercise said purchase option, same shall be exercised on the day immediately following the date of expiration of the Renewal Lease Term, and by the delivery at such time by Lessee to Lessor of payment, in cash or by certified check, of the amount of the purchase price for the Equipment as hereinbefore set forth. Upon payment of said purchase price for the Equipment, Lessor shall, upon request of Lessee, execute and deliver to Lessee a Bill of Sale for the equipment, on an "AS IS," "WHERE IS," "WITH ALL FAULTS" basis, without representations or warranties of any kind whatsoever. If Lessee exercises its purchase option and fails to make payment of the full amount of the purchase price, Lessee shall pay as additional rent for each month or fraction thereof after the end of the Renewal Lease Term, an amount equal to the highest monthly payment set forth herein. IF LESSEE DOES NOT ELECT TO EXERCISE EITHER OF SAID OPTIONS, LESSEE SHALL RETURN EACH ITEM OF EQUIPMENT TO LESSOR, PURSUANT TO AND UNDER THE TERMS AND CONDITIONS OF SECTION 3 OF THE LEASE. If Lessee fails to notify Lessor as provided herein or if Lessor and Lessee cannot agree on the purchase or renewal terms, then the term of this Lease shall be automatically extended at the highest rental provided in this Schedule, for successive three month periods unless and until terminated by either party giving to the other not less than three months' prior written notice by registered or certified mail of its intention to terminate at the end of the next succeeding automatic extension period, and, upon termination of this Schedule, Lessee shall return all of the Equipment as provided in the Lease.

SCHEDULE-A

TO MASTER LEASE NO. 5244

EQUIPMENT SCHEDULE 001

STERICYCLE, INC.

Page 1 of 4

Product Description and Manufacturer	Quantity	Model Number	Serial Number
- - - - -	- - - - -	- - - - -	- - - - -

Equipment Location:	Lessee:	Lessee:
North Airport Road	/s/ VJN	/s/ VJN
West Memphis, Arkansas 72301	- - - - -	- - - - -
	Initials	Initials

Lessor:

/s/ JSP

- - - - -

Initials

[LOGO]

STERICYCLE, INC
Machinery and Equipment
Summary Schedule
February 1991

Asset Number - - - - -	Asset Description - - - - -	Cost - - - - -	Fair Market Value - - - - -
1	80 kw Dielectric Oven and Spare Parts	295,663.20	279,093.62
2	Primary and Secondary Stacked Shredder System and Spare Parts	126,771.02	115,064.63
3	Rotary Shear Shredder	44,529.81	41,190.05
4	Compactor-Processing Chamber	51,692.57	49,107.88
5	Component Parts Located in Processing Chamber: (Duct Heaters, Hepa Filters, Fans, Feeder Hopper & Feeder Chute	60,014.59	57,013.82
6	Safety Equipment - Processing Chamber	7,578.10	7,199.19
7	Processing Chamber Construction	11,172.20	10,613.58
8	Electrical Controls and Panels for Processing Chamber Equipment	31,551.01	29,973.44
9	Conveyor Systems	132,902.34	125,682.70
10	Economy Lake 72" Horizontal Baler	19,739.41	17,929.91
11	Radiation Control Related Equipment	25,608.41	23,041.73
12	Miscellaneous Equipment	14,328.41	13,676.50
13	Machinery and Equipment Purchased with West Memphis Facility	80,690.00 - - - - -	71,946.00 - - - - -
	TOTALS	\$902,241.07 - - - - - - - - - -	\$841,533.05 - - - - - - - - - -

ASSET NUMBER: 13

IN-SERVICE DATE: 1/1/90

ASSET DESCRIPTION: Machinery and Equipment Purchased
with the West Memphis Facility

Vendor	Cost	Useful Life	Fair Market Value
- - - - -	- - - - -	- - - - -	- - - - -
Hitachi			
Spectrophotometer	6,000.00	10 years	5,350.00
Beckman			
Spectrophotometer	2,500.00	10 years	2,229.00
Orion Ionalyzer	900.00	10 years	802.00
Eberline Mini Scaler	1,470.00	10 years	1,311.00
Silbasket Trash			
Paper Shredder	200.00	10 years	178.00
Caterpillar MC 30 Forklift	19,000.00	10 years	16,942.00
Caterpillar MC 30 Forklift	19,000.00	10 years	16,942.00
Kalamazoo M200			
Stretchwrapper	7,500.00	10 years	6,687.00
Cardinal Pallet Scale	4,500.00	10 years	4,012.00
Cardinal 780 Ticket			
Printer	4,500.00	10 years	4,012.00
Cardinal 738 Display	4,500.00	10 years	4,012.00
Strapping Machine	250.00	10 years	223.00
Auto-Reg Battery Charger	500.00	10 years	446.00
Douglas Battery Charger	500.00	10 years	446.00
Signet Conductivity Monitor	600.00	10 years	535.00
2 Eberline E-120			
Geiger Counters	900.00	10 years	802.00
Eberline RUS II Radiation			
Monitor	1,800.00	10 years	1,605.00
Eberline Monitor D.I.			
System RMCS	945.00	10 years	843.00
Eberline PIC 6-18			
High-Range Monitor	725.00	10 years	646.00
Band Saw	500.00	10 years	446.00
Hydraulic Press	400.00	10 years	357.00
Drill Press	200.00	10 years	178.00
Welder	800.00	10 years	713.00
Air Compressor	2,500.00	10 years	2,229.00
	- - - - -		- - - - -
TOTALS	80,690.00		71,946.00
	- - - - -		- - - - -
	- - - - -		- - - - -

SEE EXHIBIT B ATTACHED (DETAIL LISTING OF FIXED ASSETS PROVIDED TO STERICYCLE AT
DATE OF PURCHASE)

ASSET NUMBER: 12

IN-SERVICE DATE: Various
(See detail below)

ASSET DESCRIPTION: Miscellaneous Equipment
(Excludes Assets Purchased with Facility)

In-Service Date	Vendor/Asset Description	Invoice			Useful Life	Fair Market Value
		Date	Amount	Code		
09-01-90	PI Enterprises 2 Sidewall Prop Fans 4400 CFM Model PHD-24 725/each (for use with air compressor)	09-17-90	1,550.00	12-A	10 years	1,485.41
08-01-90	Tennessee Installers Steel Grating, Anchors and Labor for Lift	08-04-90	2,671.50	12-B	10 years	2,537.92
10-01-90	M.C. White Construction Co. Walk-in Cooler	10-09-90	7,550.00	12-C	10 years	7,298.33
03-01-90	The Phoenix Mfg. Co. Platform 54 x 84 66" Elevation with Handrail and Ladder	01-31-90	1,263.91	12-D	10 years	1,148.05
06-01-90	The Phoenix Mfg. Co. Platform 3' x 8' x 6' Elevation with Handrail and Ladder	06-06-90	1,293.00	12-E	10 years	1,206.79
TOTALS			14,328.41			13,676.50

SCHEDULE A

TO MASTER LEASE NO. 5244

EQUIPMENT SCHEDULE 002

STERICYCLE, INC. AND STERICYCLE OF ARKANSAS, INC.

Page 1 of 2

Quantity	Model Number	Serial Number	Product Description and Manufacturer	Equipment Cost
- - - - -	- - - - -	- - - - -	- - - - -	- - - - -

See attached

Equipment Location:	Lessee:	Lessee:	Lessor:
North Airport Road	/s/ VJN	/s/ VJN	/s/ JSP
West Memphis, Arkansas 72301	-----	-----	-----
	Initials	Initials	Initials

SCHEDULE A

TO MASTER LEASE NO. 5244
EQUIPMENT SCHEDULE NO. 002
STERICYCLE, INC. AND STERICYCLE OF ARKANSAS, INC.

Vendor	Invoice Number	Check #	Description	Amount	
Magnatech	91124-1	3098	Design and Fabrication of Shredder	5,000.00	
Magnatech	91126-1, 2, 3, 4, 6	3606 & 3251	Cyclone & Fan	128,800.00	
Magnatech	91126-5	3098 & 3251	Shredder	6,940.10	
Magnatech	91148-1	OCT PYMT	Screens for Shredder	1,731.00	
Magnatech	91149-1	OCT PYMT	Used Hammers for Shredder	390.00	
Magnatech	91150-1	OCT PYMT	Hammers & Shafts	1,190.00	
Phelps Fan	113481	3418	Fan	2,825.00	
Phelps Fan	113532	3540	Fan	2,825.00	
Phelps Fan	113628	3618	Fan Motor	260.00	
Phelps Fan	113581	3618	Credit	(80.00)	
Phelps Fan	113693	3618	Variable Speed Drive	231.50	
Phelps Fan	114039	OCT PYMT	Fan Parts	1,394.62	
Phelps Fan	114043	OCT PYMT	Housing Bands	1,175.27	
Shelby Electric	7165	3865	Starter Motor	3,190.00	
Shelby Electric	7445	3865	Motor	151.18	
Shelby Electric	00320	3865	Motor	519.39	
Shelby Electric	8454	OCT PYMT	Motor	910.80	
SECO Power Systems	5712	3868	Motor	825.00	158,415.83
Matthews Blow Pipe	10086	3607	Air Conveying Equipment	20,000.00	
Matthews Blow Pipe	10100	3766	Air Conveying Equipment	35,000.00	55,000.00
Alan Ross Machinery	14438	Wire-Transfer	Pulse Jet Dust Collector	15,000.00	15,000.00
Gingery Electric	8768	3533 & 3617	Wire New Shredder	8,461.88	
Gingery Electric	8768x	3617	Remote Station for Hammermill	2,400.00	
Gingery Electric	8768b	3772	Wire New Shredder	16,433.12	
Gingery Electric	9486	3772	Remove/Replace Blower Motor	779.50	
Gingery Electric	9559	3772	Replace Soft Star Motor	277.50	
Gingery Electric	8285	4005	Remove/Replace Hammermill Motor	3,191.13	
Gingery Electric	9507	OCT PYMT	Wire Blower System	19,454.88	50,998.01
M.C. White	4071	3398	Install and Fabricate Stainless Chute	1,331.00	
M.C. White	4342	3839	Slab for new Cyclone Equipment	3,356.76	
M.C. White	4460	OCT PYMT	Slab for new Cyclone Equipment	2,270.46	
Tri-State Motor Transit		3421	Freight for Shipment of Hammermill	1,000.00	7,958.22
					287,235.06

Equipment Location:

Lessee:

Lessee:

Lessor:

North Airport Road
West Memphis, Arkansas 72301

/s/ VJN

/s/ VJN

/s/ ???

SCHEDULE A
TO MASTER LEASE NO. 5244
EQUIPMENT SCHEDULE 003
PAGE 1 OF 2

MANUFACTURER -----	DESCRIPTION -----	COST ----
MATTHEWS BLOW PIPE	AIR CONVEYING EQUIPMENT	\$91,800.00
	FREIGHT	\$7,047.29
MATTHEWS BLOW PIPE	BALER	\$40,531.25
THOMAS CONVEYOR	CONVEYOR SYSTEMS:	
THOMAS CONVEYOR	FIVE LIFT TABLES	\$10,420.00
JONESBORO BEARING	CONVEYOR	\$19,725.00
MATTHEWS BLOW PIPE	CONVEYOR	\$12,329.88
	BELT CONVEYOR	\$5,710.00
	FREIGHT	\$7,957.20
	ELECTRIC EQUIPMENT & WIRING	
LUCKY ELECTRIC	PARTS	\$1,824.44
LUCKY ELECTRIC	SQDI LINE 2000 AMP	\$7,322.72
LUCKY ELECTRIC	TWO BECKMAN METERS	\$572.28
GINGERY ELECTRIC	UPDAGE CONTROL DIAGRAMS	\$357.00
LEWIS COUNTY	POWER SERVICE	\$7,240.00
CENTRAL ELECTRIC		\$24,371.81
BUDGET OFFICE FURN	OFFICE FURNITURE	\$8,335.70
BUDGET SALES	PATHOLOGICAL WASTE REFRIGERATOR	\$4,500.00
MATTHEWS BLOW PIPE	PRESS ROOM	\$7,945.00
	PUMPS & HEATERS	
Ø BRIEN ENGINEERING	FIVE PUMPS	\$2,100.00
TRISTATE HYDRAULICS	DYNEX RIVETT HYDRAULIC POW	\$5,093.10
TRISTATE HYDRAULICS	TWO GLASSPORT HYD CYLINDERS	\$1,522.15
WW GRAINGER	120 GALLON WATER HEATER	\$1,954.37
MAGNATECH	SIZE REDUCTION SYSTEM	\$155,000.00
	FREIGHT	\$2,480.00
	ROACH MFG	\$2,770.00
MATTHEWS BLOW PIPE	SPARE FANX & COMPONENTS	\$11,657.00
MATTHEWS BLOW PIPE	COMPONENTS	\$3,625.00
SOLIDUR	BLACK MARBLE REP SHT	\$579.57

	TOTAL FOR MORTON, WA	\$444,770.76

EQUIPMENT LOCATION:

830 WESTLAKE AVENUE	INITIALS	INITIALS
MORTON, WASHINGTON 98356	/s/	
	-----	-----
	LESSOR	LESSEE

SCHEDULE A

TO MASTER LEASE NO. 5244

EQUIPMENT SCHEDULE 003

PAGE 2 OF 2

MANUFACTURER	DESCRIPTION	COST
-----	-----	-----
MATTHEWS BLOW PIPE	AIR CONVEYING EQUIPMENT	\$91,800.00
PSC NORTHERN CALIFORNIA	150 KW DIELECTRIC OVEN	\$267,250.00
MAGNATECH	SIZE REDUCTION SYSTEM	\$155,000.00

	TOTAL FOR SAN LEANDRO, CA	\$514,050.00

TOTAL EQUIPMENT COST FOR BOTH LOCATIONS		\$958,820.76

EQUIPMENT LOCATION:

1345 DOOLITTLE DRIVE, UNIT C
SAN LEANDRO, CA 94577

INITIALS

/s/

LESSOR

INITIALS

LESSEE

[LETTERHEAD]

June 28, 1996

[*]

Attention: [*]
Director Presidente

INTERIM AGREEMENT

Dear Mr. Fernandes:

In connection with recent discussions between Stericycle, Inc. ("Stericycle") and [*] regarding a proposed comprehensive Agreement for Technical and Industrial Cooperation (the "Definitive Agreement") for the use of Stericycle's proprietary systems and technology for medical waste management in Brazil, we hereby set forth our agreement with respect to short-term cooperation (the "Interim Agreement"), subject to formal approval of the parties' Boards of Directors.

1. INTRODUCTION. Stericycle owns (a) certain proprietary medical waste treatment and recycling technology; (b) certain proprietary know-how respecting operations, sales, marketing and regulatory compliance, (c) certain patents, trademarks, and other proprietary intellectual property, and (d) certain proprietary programs, systems, literature and training methods ((a) - (d) collectively referred to as the "Stericycle Proprietary Rights"). [*] are experienced and knowledgeable engineers, developers and operators in the waste management industry in South America. Stericycle and [*] have reached an Interim Agreement whereby [*] may utilize the Stericycle Proprietary Rights in Sao Paulo and Rio de Janeiro Brazil in order to participate in contract procurement activities.

2. LICENSE. Stericycle shall grant [*] an exclusive license to use Stericycle Proprietary Rights in Sao Paulo and Rio de Janeiro Brazil, including the use of the trademark "Stericycle" during the term of the Interim Agreement. The license shall not include sublicensing rights.

3. TERRITORY. The Interim Agreement grants rights only in Sao Paulo and Rio de Janeiro Brazil. The parties contemplate that the Definitive Agreement, if and when effective, will grant exclusive rights to [*] in Brazil. The parties will discuss in good faith the expansion of the territory to include the countries of Argentina and Chile.

4. TERM. The term of the Interim Agreement shall be for [*].

5. DEFINITIVE AGREEMENT. The parties agree to negotiate in good faith the terms and conditions of the Definitive Agreement within [*] from the date hereof. If no definitive Agreement has been entered into within the aforesaid [*] period, except for the provisions of paragraph 8 hereof relating to confidentiality which shall continue in effect, (a) this Interim Agreement shall expire and be

* omitted; filed separately with the Commission.

of no further effect, and (b) [*] shall no longer have any license or other rights to the Stericycle Proprietary Rights, and shall return any documents or other embodiment of the information comprising such Stericycle Proprietary Rights to Stericycle. Upon the effectiveness of the Definitive Agreement, Stericycle will commit to provide equipment capable of processing [*] of medical waste per 24 hour day, in a processing facility built in an appropriate [*] supplied building and site for a price not to exceed [*] U.S. net of freight, duties and taxes. [*] shall also pay royalties to Stericycle not to exceed [*] per pound of medical waste. These sums are subject to revision based upon final plant configuration and range of services offered.

6. INTERIM AGREEMENT.

(a) During the terms of this Interim Agreement Stericycle will:

- (i) provide [*] with access to Stericycle Proprietary Rights;
- (ii) provide [*] with executive support, on request, in support of the establishment of the Stericycle concept in Brazil and will reimburse Stericycle for expenses incurred in this regard;
- (iii) provide [*] with facility design, operational cost, data and strategies for Stericycle treatment and recycling technologies;
- (iv) provide [*] and its potential clients access to Stericycle's facilities in the US;
- (v) negotiate exclusively with [*] for medical waste management opportunities in Brazil.

(b) During the term of this Interim Agreement [*] will:

- (i) aggressively pursue medical waste treatment opportunities in the Sao Paulo and Rio de Janeiro market of Brazil;
- (ii) develop a plan for product offerings in these markets utilizing Stericycle's systems and proprietary information; and
- (iii) negotiate exclusively with Stericycle for medical waste management opportunities in Brazil.

7. PAYMENTS. For the activities listed in paragraph 6(a)(i) - (iv) above, [*] will pay Stericycle [*] U.S. In addition, [*] will pay Stericycle [*] U.S. in consideration of Stericycle's commitment in paragraph 6(a)(v) above, to deal exclusively with [*] during the term of this Interim Agreement for medical waste management opportunities in Brazil. Such payments shall be made in four monthly payments of [*] on July 1, 1996; [*] on August 1, 1996; [*] on September 1, 1996; and [*] on October 1, 1996.

* omitted; filed separately with the Commission

8. CONFIDENTIALITY. Stericycle and [*] recognize the highly confidential nature of their respective proprietary information (and in this regard, all information contained in the definition of Stericycle Proprietary Rights shall be proprietary information of Stericycle). Accordingly, Stericycle and [*] for themselves, their affiliates, officers, directors and agents hereby agree that they will hold in confidence, not disclose to others and not use except for purposes of this Interim Agreement and the Definitive Agreement described herein (if and when effective), any and all proprietary information disclosed to it by the other party. The provisions of this paragraph shall not apply to any proprietary information which (a) is or later becomes publicly known under circumstances involving no breach of disagreement by the receiving party; (b) was already known to the receiving party (other than by previous disclosure to the receiving party by the disclosing party) as evidenced by the receiving party's records at the time of receipt of such proprietary information from the disclosing party; or (c) is lawfully made available to the receiving party by a third party. Both parties recognize that money damages alone would not be an adequate remedy for the breach of this confidentiality provision, and therefore agree that, in the event of the breach of this provision by one party, the other party shall be entitled to injunctive relief or its functional equivalent under Brazilian law, prohibiting the breaching party from engaging in any business activities which employ the proprietary information of the other.

9. FORM. The parties may reconsider the form of business relationship and characterization of fees to maximize the benefit of local business and tax laws.

10. DISPUTE RESOLUTION. The parties agree that all disputes arising under this Interim Agreement will be resolved by binding arbitration before the American Arbitration Association using its commercial arbitration rules and applying the substantive laws of the State of Illinois.

Please indicate your agreement to the terms of this Interim Agreement by signing and returning a copy to the undersigned.

Stericycle, Inc.

By: /s/ Anthony J. Tomasello

Anthony J. Tomasello
Vice President, Operations

[*]

By: [*]

Director Presidente

* omitted; filed separately with the Commission

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated March 20, 1996, except for the first paragraph of Note 7, as to which the date is in the Registration Statement (Form S-1 No. 333-05665) for the registration of 3,450,000 shares of common stock.

Chicago, Illinois
July 12, 1996

The foregoing consent is in the form that will be signed upon the completion of the reverse stock split, the approval of the decrease in authorized common shares, and the redesignation of the Class A and Class B common shares as a like number of common shares effective upon the closing of an initial public offering as described in the first paragraph of Note 7 to the financial statements.

ERNST & YOUNG LLP