

TRANSPORTATION SERVICES AGREEMENT

THIS TRANSPORTATION SERVICES AGREEMENT ("Agreement") is made and entered into as of the 10 day of December, 2001, by and between Stericycle of Washington, Inc. ("Stericycle"), 20320 80th Avenue S., Kent, Washington 98032, and Ludtke Pacific Trucking, Inc. ("Ludtke"), P.O. Box 32598, Bellingham, Washington 98226-4598, with respect to the following:

RECITALS

WHEREAS, Stericycle is in the business of collecting, transporting and treating Biomedical Waste in the States of Washington, Oregon and Idaho and wishes to engage Ludtke for certain transportation services; and

WHEREAS, Ludtke is a trucking company with transportation equipment and personnel suitable to perform the transportation services sought by Stericycle;

NOW, THEREFORE, this Agreement sets forth the terms and conditions on which Ludtke will perform transportation services for Stericycle, as follows:

AGREEMENT

1. Tender by Stericycle. Stericycle will tender loaded highway trailers containing Biomedical Waste to Ludtke at locations in Washington and Oregon from time to time for transportation by Ludtke to points designated by Stericycle on trips and/or routes for which service fees have been stated in Schedule A attached hereto. All trailers tendered to Ludtke shall be in good order and condition. Stericycle will be responsible for loading the trailers in compliance with all applicable laws and in a manner which will minimize shifting of the load and the risk of spillage. Stericycle will provide manifests and other documentation for each trailer in accordance with the requirements of applicable law.

2. Duties of Ludtke. Ludtke will provide qualified drivers (including relief drivers, when appropriate) and power units (highway tractors) suitable for the transportation services required by Stericycle. Ludtke will pick up loaded trailers tendered by Stericycle on a schedule agreed between the parties and transport them in the shortest practical time consistent with safety and by the shortest practical route to the destinations designated by Stericycle in accordance with Schedule A. Ludtke will deliver the loaded trailers to Stericycle or other consignee specified by Stericycle at the designated delivery point and provide documentary evidence of delivery in the manner prescribed by Stericycle. On the return, Ludtke will pick up empty highway trailers, containing empty re-usable containers, and return the empty trailers and containers to locations designated by Stericycle in accordance with Schedule A.

3. Compensation. Ludtke shall provide the transportation services described herein for the routes and/or trips described in Schedule A for the compensation per trip specified in Schedule A (subject to the Fuel Adjustment Schedule attached thereto). Ludtke shall be responsible for all of the costs and expenses incurred in providing its services hereunder, including without limitation fuel, personnel compensation and benefits, tractor maintenance and repair, depreciation, tolls, taxes and assessments and all other expenses; provided, however, that as between Ludtke and Stericycle, Stericycle shall be responsible for the cost of regular trailer maintenance. Ludtke acknowledges and agrees that the service fees specified in Schedule A are in amounts sufficient to allow operation of Ludtke's equipment at a profit for the specified routes. It is agreed that the service fees specified in Schedule A are "per trip," regardless of the type or number of trailers hauled or whether the trailers are loaded or empty. The parties understand and agree that this Agreement is subject to the authority of the Washington Utilities and Transportation Commission (the "Commission") to fix or amend just, fair, and reasonable classifications, rules, and minimum rates and charges for solid waste collection service in Washington.

4. Term. The Initial Term of this Agreement shall commence on the date hereof and continue until December 31, 2002; provided, however, that this Agreement shall be automatically renewed and extended for up to ten additional successive one year Renewal Terms thereafter unless either party gives notice of termination to the other in writing at least sixty (60) days prior to the end of the Initial Term or any Renewal Term or this Agreement is terminated in accordance with Section 5 below.

5. Termination. This Agreement may be terminated on written notice by either party in the event of a material breach by the other; provided that the party in breach shall be given twenty (20) days prior written notice and opportunity to cure the breach. This Agreement may be terminated with or without cause at any time upon ninety (90) days prior written notice of termination. Notwithstanding any other provision of this Section 5, the parties understand and agree that this Agreement may not be terminated prior to the expiration of the Initial Term and all Renewal Terms except with at least five (5) days' written notice to the Commission.

6. Compliance with Law. Ludtke shall perform its services under this Agreement in compliance with the requirements of all applicable local, state and federal laws and regulations, including without limitation RCW Chapter 81.77, WAC Chapter 480-70 and 49 C.F.R. Parts 170-189, and shall provide evidence of such compliance to Stericycle upon request. Ludtke shall obtain and maintain in force during the term hereof any and all licenses, permits and approvals which may be required by any governmental agency for the activities which Ludtke will perform under this Agreement. Stericycle shall be responsible to ensure that the Biomedical Waste tendered to Ludtke is packaged in appropriate containers, properly labeled, properly loaded in Stericycle's trailers and accompanied by appropriate shipping documentation in compliance with the requirements of all applicable local, state and federal laws and regulations at the time the shipment is tendered.

7. Liability Insurance. Ludtke shall obtain and maintain in force during the Term of this Agreement general liability insurance in the amount of at least One Million Dollars (\$1,000,000) with an insurance company acceptable to Stericycle and shall provide evidence of such insurance to Stericycle on request.

8. Biomedical Waste. For purposes of this Agreement, the term "Biomedical Waste" shall have the meaning defined in WAC 480-70-041 and shall include Pathological Waste, as therein defined, Chemotherapy Waste and Pharmaceutical Waste. "Chemotherapy Waste" means sharps, syringes, IV tubing/bags/bottles, vials, and other discarded contaminated items generated in the preparation and administration of cytotoxic/antineoplastic drugs (residue not to exceed 3% of total volume). "Pharmaceutical Waste" means pharmaceutical waste which has been properly characterized as not hazardous under the Resource Conservation and Recovery Act (RCRA) regulations and criteria (or more stringent state regulations, where applicable) and which has been packaged and labeled by the generator and approved and accepted by Stericycle in accordance with a Pharmaceutical Waste Acceptance Agreement executed by Stericycle and the generator.

9. Damage to Trailers. Ludtke shall be responsible for any damage which occurs to Stericycle's trailers while in Ludtke's possession or under its control, ordinary wear and tear excepted.

10. Indemnity. Ludtke shall defend, indemnify and hold Stericycle harmless from and against any claims, lawsuits, losses, damages, assessments, penalties, costs or expenses, including reasonable attorneys' fees and litigation costs, arising out of any breach of this Agreement by Ludtke or the negligent performance by Ludtke of its services hereunder. Stericycle shall defend, indemnify and hold Ludtke harmless from and against any claims, lawsuits, losses, damages, assessments, penalties, costs or expenses, including reasonable attorneys' fees and litigation costs, arising out of any breach of this Agreement by Stericycle or the negligent performance by Stericycle of its duties hereunder.

11. Notice of Spills or Accidents. Ludtke shall provide immediate notice to Stericycle by telephone and in writing with a complete report of all relevant facts in the event of a casualty, accident or incident that results in the leakage or spillage of Biomedical Waste transported by Ludtke under this Agreement.

12. Applicable Law. The rights and obligations of the parties under this Agreement shall be governed and construed in accordance with the laws of the State of Washington; provided, however, that the parties shall be required to perform hereunder in compliance with all applicable federal, state and local laws and regulations.

13. Notices. All notices hereunder shall be sent by registered or certified mail to the parties at their respective addresses as shown above or to such other addresses as a

party may hereafter specify by notice to the other; provided, however, that where telephonic notice is required, Ludtke shall contact Stericycle's Pacific Northwest District Office at (425) 291-9322 or at such other telephone number as Stericycle shall specify from time to time.

14. Separability Of Provisions. If any provision of this Agreement, or its application to any person or circumstances, is held invalid or unenforceable, then the remainder hereof, or the application of such provision to other persons or circumstances shall not be affected thereby, provided, however, that if any provision or application thereof is held invalid or unenforceable by a court of competent jurisdiction, then a suitable and equitable provision shall be substituted therefor by the court in order to carry out, so far as may be valid and enforceable, the intent and purposes of the invalid and unenforceable provision.


15. Entire Agreement. This Agreement incorporates the entire understanding and agreement of the parties regarding the transportation of Biomedical Waste and supersedes any and all prior negotiations or agreements with respect thereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

LUDTKE PACIFIC TRUCKING, INC.

By 
Its PRESIDENT

STERICYCLE OF WASHINGTON, INC.

By 
Michael Philpott, District Manager